

**FEDERAL RESERVE BANK
OF NEW YORK**

Fiscal Agent of the United States

[Circular No. 4887]
May 6, 1960]

Preliminary Figures on Treasury's Current Exchange Offering

*To All Banking Institutions, and Others Concerned,
in the Second Federal Reserve District:*

The following statement was made public today by the Treasury Department:

Preliminary figures show that about \$5,767 million of the three issues of Treasury securities involved in the current refunding, aggregating \$6,413 million, have been exchanged for the two new issues. Exchanges include about \$3,661 million for the new one-year 4 $\frac{3}{8}$ percent certificates, and \$2,106 million for the new 5-year 4 $\frac{5}{8}$ percent Treasury notes. About \$646 million of the outstanding issues remain for cash redemption on May 16.

Final figures for the exchange will be announced after final reports are received from the Federal Reserve Banks.

ALFRED HAYES,
President.

at 4887

FEDERAL RESERVE BANK OF NEW YORK

NEW YORK 45, N.Y.

RECTOR 2-5700

May 11, 1960

LOANS FOR THE PURPOSE OF EXERCISING RESTRICTED STOCK OPTIONS

To All Banks in the Second Federal Reserve District:

In response to requests received during recent months, the Board of Governors of the Federal Reserve System has reconsidered the question of amending its Regulation U, Loans by Banks for the Purpose of Purchasing or Carrying Registered Stocks, to provide more favorable treatment for loans for the purpose of exercising restricted stock options which conform to the applicable provisions of the Internal Revenue Code of 1954 than is provided for other loans for the purpose of purchasing or carrying stocks.

The Board has concluded that such an amendment would not be desirable. Following is a quote from the Board's letter to this Bank, dated April 27, 1960, relating to this question:

As on previous occasions when this matter has been considered, the Board believes that proposals for special treatment of loans for the purpose of exercising restricted stock options relate primarily to executive compensation rather than to credit regulation. In addition, it appears that a large potential volume of stock market credit would be involved in any proposal to accord such loans favored treatment. After reexamining the question in detail, the Board has again reached the conclusion that it would not be desirable to amend Regulation U to provide for special treatment of loans for the purpose of exercising restricted stock options.

HOWARD D. CROSSE,
Vice President.