

**FEDERAL RESERVE BANK
OF NEW YORK**

[Circular No. 4917]
July 27, 1960]

MARGIN REQUIREMENTS REDUCED

*To all Banks, Members of National Securities Exchanges, and
Others Interested, in the Second Federal Reserve District:*

The Board of Governors of the Federal Reserve System issued the following statement today:

The Board of Governors of the Federal Reserve System today amended Regulations T and U, relating respectively to margin requirements of brokers and banks, by reducing margin requirements from 90 per cent to 70 per cent, effective July 28, 1960. The reduced requirements apply to both purchases and short sales. No other change was made in the regulations.

Enclosed are printed copies of Supplements, effective July 28, 1960, to Regulations T and U, giving effect to the amendments.

Additional copies of the enclosed supplements will be furnished upon request.

ALFRED HAYES,
President.

SUPPLEMENT TO REGULATION T

Section 220.8—SUPPLEMENT

ISSUED BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Effective July 28, 1960

(a) **Maximum loan value for general accounts.**—The maximum loan value of a registered security (other than an exempted security) in a general account, subject to § 220.3, shall be 30 percent of its current market value.

(b) **Margin required for short sales in general accounts.**—The amount to be included in the adjusted debit balance of a general account, pursuant to § 220.3(d)(3), as margin required for short sales of securities (other than exempted securities) shall be 70 percent of the current market value of each such security.

(c) **Retention requirement for general accounts.**—In the case of a general account which would have an excess of the adjusted debit balance of the account over the maximum loan value of the securities in the account following a withdrawal of cash or securities from the account, the “retention requirement” of a registered security (other than an exempted security), pursuant to § 220.3(b)(2), shall be 50 percent of its current market value.

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SUPPLEMENT TO REGULATION U

Section 221.4—SUPPLEMENT

ISSUED BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Effective July 28, 1960

(a) **Maximum loan value of stocks.**—For the purpose of § 221.1, the maximum loan value of any stock, whether or not registered on a national securities exchange, shall be 30 percent of its current market value, as determined by any reasonable method.

(b) **Retention requirement.**—For the purpose of § 221.1, in the case of a loan which would exceed the maximum loan value of the collateral following a withdrawal of collateral, the “retention requirement” of a stock, whether or not registered on a national securities exchange, shall be 50 percent of its current market value, as determined by any reasonable method.

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