

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 5630]
March 11, 1965]

Amendment of Guideline No. 1 for Foreign Lending
Activities of Commercial Banks

To All Banks in the Second Federal Reserve District:

Our Circular No. 5628, dated March 5, 1965, sets forth the guidelines issued by the Board of Governors of the Federal Reserve System for commercial banks to follow in complying with the President's program to improve the nation's balance-of-payments position. The Board of Governors has now informed us that paragraph (2) of Guideline No. 1 has been amended to read as follows (words in italics having been added):

(2) Subtract from this amount any claims for account of customers included on the forms, as well as any participations in individual loans arranged *or insured* by the Export-Import Bank or made with Export-Import Bank guarantees.

The addition of the words *or insured* makes the calculation of the 1964 year-end target base consistent with Guideline No. 2, which excludes "loans with Export-Import Bank guarantees or insurance" from the 5 per cent target.

The Board of Governors has also informed us that, for the purposes of Guidelines Nos. 1 and 2, loans with Foreign Credit Insurance Association guarantees or insurance are to be treated as loans with Export-Import Bank guarantees or insurance and therefore are excluded from the program.

Additional copies of this circular will be furnished upon request.

ALFRED HAYES,
President.