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F E D E R A L R E S E R V E B O A R D

STATEMENT FOR THE PRESS

For immediate release

October 12, 1934.

INCREASES IN ADJUSTED DEBIT
BALANCE OF AN OLD ACCOUNT

RULING NO. 18 INTERPRETING REGULATION T. In response to an inquiry the Federal Reserve Board has advised that, if the adjusted debit balance of an account which has been designated as an "old account" pursuant to section 7(a) of Regulation T, is reduced by reason of a sale of securities or otherwise, the creditor may not thereafter permit the customer to make any transaction which would result in an increase in the adjusted debit balance except a withdrawal of money made in conformity with the third proviso of section 7(a) of Regulation T. In this connection the Board called attention to the fact that a transaction which would result in an increase in the adjusted debit balance if standing alone is not prohibited by section 7(a) if it is part of a "combination of transactions" which results in no increase in the adjusted debit balance.