

X-8074

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 13, 1934.

## MARKET VALUE AND LOAN VALUE OF SECURITIES INVOLVED IN SUBSTITUTIONS.

RULING NO. 25 INTERPRETING REGULATION T. The Federal Reserve Board has been asked to rule upon the following question: "A customer with a restricted account desires to substitute securities. The substituted securities must have a current market value equal to that of the securities withdrawn; otherwise, there would be a net withdrawal, under Regulation 4(d). The question is whether the substituted securities must also have a loan value equal to that of the securities withdrawn." The Board replied that, under section 4(d) of Regulation T, neither the current market value nor the maximum loan value of the securities substituted in a restricted account should be less than the current market value or the maximum loan value, respectively, of the securities withdrawn, unless any difference between such values is made up by a deposit of cash or unless the account is made an unrestricted account.