

T E L E G R A M
FEDERAL RESERVE BOARD
WASHINGTON

October 17, 1934.

CURTISS
Boston

Regarding Gettemy's telegram October 13 with respect to whether, in case referred to in telegram, there is an "extension of credit" with-in meaning of Board's RULING NO. 16 INTERPRETING REGULATION T. Board advises that existence of "extension of credit" in any case will depend upon facts of that particular case and applicable provisions of State law. For this reason Board is unable to answer question in general form submitted but calls attention to RULING NUMBER 20 INTERPRETING REGULATION T which deals with cash transactions but which indicates factors which Board considers important in determining when extension of credit occurs. Furthermore, as question in telegram refers to unlisted securities it should be borne in mind that section 7(c)(2) of Securities Exchange Act makes it unlawful for a creditor as defined in section 2(b) of Regulation T to extend credit to or for a customer without collateral or on collateral other than exempted and/or registered securities except in accordance with rules which Federal Reserve Board may prescribe and that Board is not empowered to prescribe rules authorizing such extensions of credit in cases where extension of credit is for purpose of purchasing or carrying securities.

(Signed) L. P. Bethea

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