

X-9017

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.

November 8, 1934.

WITHDRAWAL OF PROCEEDS OF SALE OF UNREGISTERED,
NON-EXEMPTED SECURITIES FROM RESTRICTED NEW ACCOUNT.

Ruling No. 36 interpreting Regulation T. The Federal Reserve Board has been asked whether under Regulation T a broker may pay to a customer from a restricted new account the proceeds of the sale of unregistered, non-exempted securities sold in such account. In reply the Board rules that, in the absence of other material facts, the broker may permit the withdrawal of any part of the proceeds of such sale, if the sale, the payment of the proceeds into the account, and the payment of the proceeds from the account, all occur on the same day so that the withdrawal of the proceeds constitutes a part of a combination of transactions which does not result in a net withdrawal or in an increase in the excess of the adjusted debit balance of the account over the maximum loan value of the securities in the account in violation of section 4(d) of the Regulation.