

X-9019

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 13, 1934.

SUBSTITUTIONS OF UNREGISTERED, NON-EXEMPTED SECURITIES  
IN OLD ACCOUNTS BY SALE AND PURCHASE OF SUCH SECURITIES.

Ruling No. 37 interpreting Regulation T. The Federal Reserve Board has been asked whether under Regulation T the substitution of unregistered, non-exempted securities is permitted in a designated old account if such substitution is effected by the sale of such securities and the purchase of other such securities. In reply to this question, the Board rules that, if such substitution is made within a period of two successive business days and the proceeds of the securities sold equal or exceed the cost of the securities purchased so that the combination of transactions does not result in an increase in the adjusted debit balance of the account, it is permitted by the regulation, regardless of whether the sale occurs before or after the purchase; Provided, That, the broker must obtain payment for the securities sold before he pays for the securities purchased, unless the maximum loan value of the securities in the account exceeds the adjusted debit balance of the account by an amount not less than that to be paid for the securities purchased.