

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

X-9604

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 4, 1936.



Dear Sir:

There is inclosed, for your information, a copy of a letter dated May 26, 1936, to Mr. Oliver P. Wheeler, Assistant Federal Reserve Agent at the Federal Reserve Bank of San Francisco, in reply to a question submitted to him with regard to the Board's Regulation T, Extension and Maintenance of Credit by Brokers, Dealers, and Members of National Securities Exchanges.

Very truly yours,

A handwritten signature in cursive script, appearing to read "S. R. Carpenter".

S. R. Carpenter,
Assistant Secretary.

Inclosure.

TO ALL FEDERAL RESERVE AGENTS.

X-9604-a

May 26, 1936.

Mr. Oliver P. Wheeler,
Assistant Federal Reserve Agent,
Federal Reserve Bank of San Francisco,
San Francisco, California.

Dear Mr. Wheeler:

This refers to your letter of May 12, 1936, inclosing a copy of a letter from Messrs. _____, _____, and _____, submitting the following case under Regulation T:

The account of a customer with a broker is restricted. The customer sells 100 shares of stock realizing the sum of \$1000 after taxes and commissions. On the same day he asks the broker to pay him from the account the sum of \$450. Would this combination of transactions effected on the same day result in a net withdrawal from the account under section 4(d) of the Regulation?

The net effect of such a combination of transactions made on the same day would be a "net withdrawal" as defined in section 2(1) of Regulation T, since there would occur a payment from the account of money (\$450) and delivery of registered securities having an aggregate current market value (\$1000), together exceeding the amount of money (\$1000) paid into the account on the same day.

Very truly yours,

(Signed) Chester Morrill

Chester Morrill,
Secretary.