

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

STATEMENT FOR THE PRESS

For release in morning newspapers  
of Thursday, October 28, 1937.

October 27, 1937

The Board of Governors of the Federal Reserve System today adopted the following resolution:

BE IT RESOLVED, That, effective November 1, 1937, the supplement to Regulation U is amended by changing the maximum loan value figure "45 per cent" in the first paragraph of said supplement to "60 per cent", and by changing the maximum loan value figure "60 per cent" in the second paragraph of said supplement to "75 per cent", so that as thus amended the supplement will read as follows:

"SUPPLEMENT TO REGULATION U

ISSUED BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Effective November 1, 1937

For the purpose of section 1 of Regulation U, the maximum loan value of any stock, whether or not registered on a national securities exchange, shall be 60 per cent of its current market value, as determined by any reasonable method.

Loans to brokers and dealers. Notwithstanding the foregoing, a stock, if registered on a national securities exchange shall have a special maximum loan value of 75 per cent of its current market value, as determined by any reasonable method, in the case of a loan to a broker or dealer from whom the bank accepts in good faith a signed statement to the effect (1) that he is subject to the provisions of Regulation T (or that he does not extend or maintain credit to or for customers except in accordance therewith as if he were subject thereto), and (2) that the securities hypothecated to secure the loan are securities carried for the account of his customers other than his partners."