

S-17
Reg. T-57

INTERPRETATION OF LAW OR REGULATION

(Copies to be sent to all Federal reserve banks)

July 16, 1937

Mr. _____, Secretary,
Federal Reserve Bank of _____,
_____, _____.

Dear Mr. _____:

Reference is made to your letter of July 9, 1937, in which you include an excerpt from a letter received by you raising a question regarding section 5(d) of Regulation T.

Your letter is not entirely clear as to the question for which an answer is desired. As a result of a subsequent telephone conversation between yourself and a member of the Board's staff, however, it is understood that the question intended to be presented may be stated as follows:

"Section 5(d) states that certain credit maintained without collateral or on collateral other than exempted or registered securities may be so maintained until January 1, 1938. Does section 5(d) require the liquidation on or before this date of credit in a special account established pursuant to section 5(b) of the regulation, i.e., credit that is maintained without collateral or on collateral other than non-exempted registered securities but that is not for the purpose of purchasing or carrying securities or of evading or circumventing the provisions of the regulation?"

In reply to this question you are advised that the time limitation in section 5(d) does not apply to credit provided for in section 5(b) and that, therefore, credit provided for in section 5(b) may be maintained without regard to the date specified in section 5(d).

Very truly yours,

(Signed) L. P. Bethea

L. P. Bethea,
Assistant Secretary.