

## Federal Reserve System

Pt. 223

D. Any presumption would not be appropriate because the purchasers of the debt securities may be relying on assets other than margin stock of Company D for repayment of the credit.

### § 221.125 Credit to brokers and dealers.

(a) The National Securities Markets Improvement Act of 1996 (Pub. L. 104-290, 110 Stat. 3416) restricts the Board's margin authority by repealing section 8(a) of the Securities Exchange Act of 1934 (the Exchange Act) and amending section 7 of the Exchange Act (15 U.S.C. 78g) to exclude the borrowing by a member of a national securities exchange or a registered broker or dealer "a substantial portion of whose business consists of transactions with persons other than brokers or dealers" and borrowing by a member of a national securities exchange or a registered broker or dealer to finance its activities as a market maker or an underwriter. Notwithstanding this exclusion, the Board may impose such rules and regulations if it determines they are "necessary or appropriate in the public interest or for the protection of investors."

(b) The Board has not found that it is necessary or appropriate in the public interest or for the protection of investors to impose rules and regulations regarding loans to brokers and dealers covered by the National Securities Markets Improvement Act of 1996.

## PART 223—TRANSACTIONS BETWEEN MEMBER BANKS AND THEIR AFFILIATES (REGULATION W)

### Subpart A—Introduction and Definitions

Sec.

- 223.1 Authority, purpose, and scope.  
223.2 What is an "affiliate" for purposes of sections 23A and 23B and this part?  
223.3 What are the meanings of the other terms used in sections 23A and 23B and this part?

### Subpart B—General Provisions of Section 23A

- 223.11 What is the maximum amount of covered transactions that a member bank may enter into with any single affiliate?

- 223.12 What is the maximum amount of covered transactions that a member bank may enter into with all affiliates?  
223.13 What safety and soundness requirement applies to covered transactions?  
223.14 What are the collateral requirements for a credit transaction with an affiliate?  
223.15 May a member bank purchase a low-quality asset from an affiliate?  
223.16 What transactions by a member bank with any person are treated as transactions with an affiliate?

### Subpart C—Valuation and Timing Principles Under Section 23A

- 223.21 What valuation and timing principles apply to credit transactions?  
223.22 What valuation and timing principles apply to asset purchases?  
223.23 What valuation and timing principles apply to purchases of and investments in securities issued by an affiliate?  
223.24 What valuation principles apply to extensions of credit secured by affiliate securities?

### Subpart D—Other Requirements Under Section 23A

- 223.31 How does section 23A apply to a member bank's acquisition of an affiliate that becomes an operating subsidiary of the member bank after the acquisition?  
223.32 What rules apply to financial subsidiaries of a member bank?  
223.33 What rules apply to derivative transactions?

### Subpart E—Exemptions from the Provisions of Section 23A

- 223.41 What covered transactions are exempt from the quantitative limits and collateral requirements?  
223.42 What covered transactions are exempt from the quantitative limits, collateral requirements, and low-quality asset prohibition?  
223.43 What are the standards under which the Board may grant additional exemptions from the requirements of section 23A?

### Subpart F—General Provisions of Section 23B

- 223.51 What is the market terms requirement of section 23B?  
223.52 What transactions with affiliates or others must comply with section 23B's market terms requirement?  
223.53 What asset purchases are prohibited by section 23B?  
223.54 What advertisements and statements are prohibited by section 23B?