

Federal Reserve System

§ 231.3

in Sample Form B-4), as long as all required information for each tier is clearly presented. The form does not contain a separate disclosure of the minimum balance required to obtain the annual percentage yield; the tiered-rate disclosure provides that information.

[Reg. DD, 59 FR 40221, Aug. 8, 1994, as amended at 59 FR 52658, Oct. 19, 1994]

PART 231—NETTING ELIGIBILITY FOR FINANCIAL INSTITUTIONS REGULATIONS EE

Sec.

231.1 Authority, purpose, and scope.

231.2 Definitions.

231.3 Qualification as a financial institution.

AUTHORITY: 12 U.S.C. 4402(1)(B) and 4402(9).

SOURCE: Reg. EE, 59 FR 4784, Feb. 2, 1994, unless otherwise noted.

§231.1 Authority, purpose, and scope.

(a) *Authority.* This part (Regulation EE; 12 CFR part 231) is issued by the Board of Governors of the Federal Reserve System under the authority of sections 402(1)(B) and 402(9) of the Federal Deposit Insurance Corporation Improvement Act of 1991 (12 U.S.C. 4402(1)(B) and 4402(9)).

(b) *Purpose and scope.* The purpose of the Act and this part is to enhance efficiency and reduce systemic risk in the financial markets. This part expands the Act's definition of "financial institution" to allow more financial market participants to avail themselves of the netting provisions set forth in sections 401-407 of the Act (12 U.S.C. 4401-4407). This part does not affect the status of those financial institutions specifically defined in the Act.

§231.2 Definitions.

As used in this part, unless the context requires otherwise:

(a) *Act* means the Federal Deposit Insurance Corporation Improvement Act of 1991 (Pub. L. 102-242, 105 Stat. 2236), as amended.

(b) *Affiliate*, with respect to a person, means any other person that controls, is controlled by, or is under common control with the person.

(c) *Financial contract* means a qualified financial contract as defined in section 11(e)(8)(D) of the Federal De-

posit Insurance Act (12 U.S.C. 1821(e)(8)(D)), as amended, except that a forward contract includes a contract with a maturity date two days or less after the date the contract is entered into (i.e., a "spot" contract).

(d) *Financial market* means a market for a financial contract.

(e) *Gross mark-to-market positions* in one or more financial contracts means the sum of the absolute values of positions in those contracts, adjusted to reflect the market values of those positions in accordance with the methods used by the parties to each contract to value the contract.

(f) *Person* means any legal entity, foreign or domestic, including a corporation, unincorporated company, partnership, government unit or instrumentality, trust, natural person, or any other entity or organization.

§231.3 Qualification as a financial institution.

(a) A person qualifies as a financial institution for purposes of sections 401-407 of the Act if it represents, orally or in writing, that it will engage in financial contracts as a counterparty on both sides of one or more financial markets and either—

(1) Had one or more financial contracts of a total gross dollar value of at least \$1 billion in notional principal amount outstanding on any day during the previous 15-month period with counterparties that are not its affiliates; or

(2) Had total gross mark-to-market positions of at least \$100 million (aggregated across counterparties) in one or more financial contracts on any day during the previous 15-month period with counterparties that are not its affiliates.

(b) If a person qualifies as a financial institution under paragraph (a) of this section, that person will be considered a financial institution for the purposes of any contract entered into during the period it qualifies, even if the person subsequently fails to qualify.

(c) If a person qualifies as a financial institution under paragraph (a) of this section on March 7, 1994, that person

will be considered a financial institution for the purposes of any outstanding contract entered into prior to March 7, 1994.

[Reg. EE, 59 FR 4784, Feb. 2, 1994, as amended at, 61 FR 1274, Jan. 19, 1996]

PART 250—MISCELLANEOUS INTERPRETATIONS

INTERPRETATIONS

Sec.

- 250.120 Underwriting bonds payable from proceeds of State sales taxes.
- 250.121 Application of investment securities regulation to member State banks.
- 250.122 Underwriting of public Authority bonds payable from rents under lease with governmental entity having general taxing powers.
- 250.123 Underwriting of notes payable from proceeds of subsequent sale of general obligation bonds.
- 250.140 Member bank acquisition of stock of another bank.
- 250.141 Member bank purchase of stock of "operations subsidiaries."
- 250.142 Meaning of "obligor or maker" in determining limitation on securities investments by member State banks.
- 250.143 Member bank purchase of stock of foreign operations subsidiaries.
- 250.160 Federal funds transactions.
- 250.161 Capital notes and debentures as "capital," "capital stock," or "surplus."
- 250.162 Undivided profits as "capital stock and surplus".
- 250.163 Inapplicability of amount limitations to "ineligible acceptances."
- 250.164 Bankers' acceptances.
- 250.165 Bankers' acceptances: definition of participations.
- 250.166 Treatment of mandatory convertible debt and subordinated notes of state member banks and bank holding companies as "capital".
- 250.180 Reports of changes in control of management.
- 250.181 Reports of change in control of bank management incident to a merger.
- 250.182 Terms defining competitive effects of proposed mergers.
- 250.200 Investment in bank premises by holding company banks.
- 250.220 Whether member bank acting as trustee is prohibited by section 20 of the Banking Act of 1933 from acquiring majority of shares of mutual fund.
- 250.221 Issuance and sale of short-term debt obligations by bank holding companies.
- 250.240 Applicability of section 23A of the Federal Reserve Act to transactions between a member State bank and its "operations subsidiary".

- 250.241 Exclusion from section 23A of the Federal Reserve Act for certain transactions subject to review under the Bank Merger Act.
- 250.242 Section 23A of the Federal Reserve Act—definition of capital stock and surplus.
- 250.250 Applicability of section 23A of the Federal Reserve Act to a member State bank's purchase of, or participation in, a loan originated by a mortgage banking affiliate.
- 250.260 Miscellaneous interpretations; gold coin and bullion.

BANK SERVICE ARRANGEMENTS

- 250.300 Kinds of bank servicers subject to Board examination under the Bank Service Corporation Act.
- 250.301 Scope of investment authority and notification requirement under the Bank Service Corporation Act.
- 250.302 Applicability of Bank Service Corporation Act to bank credit card service organization.

INTERPRETATIONS OF SECTION 32 OF THE GLASS-STEAGALL ACT

- 250.400 Service of open-end investment company.
- 250.401 Director serving member bank and closed-end investment company being organized.
- 250.402 Service as officer, director, or employee of licensee corporation under the Small Business Investment Act of 1958.
- 250.403 Service of member bank and real estate investment company.
- 250.404 Serving as director of member bank and corporation selling own stock.
- 250.405 No exception granted a special or limited partner.
- 250.406 Serving member bank and investment advisor with mutual fund affiliation.
- 250.407 Interlocking relationship involving securities affiliate of brokerage firm.
- 250.408 Short-term negotiable notes of banks not securities under section 32, Banking Act of 1933.
- 250.409 Investment for own account affects applicability of section 32.
- 250.410 Interlocking relationships between bank and its commingled investment account.
- 250.411 Interlocking relationships between member bank and variable annuity insurance company.
- 250.412 Interlocking relationships between member bank and insurance company-mutual fund complex.
- 250.413 "Bank-eligible" securities activities.

AUTHORITY: 12 U.S.C. 78, 248(i) and 371c(e).

SOURCE: 33 FR 9866, July 10, 1968, unless otherwise noted.