Securities and Exchange Commission

§ 240.17i–3

(1) Prior to a Commission determination. If any of the information filed with the Commission as part of the notice of intention described in paragraph (b) of this section is found to be or becomes inaccurate before the Commission makes a determination, the investment bank holding company must promptly notify the Commission and provide the Commission with a description of the circumstances in which the information was found to be or has become inaccurate along with updated, accurate information.

(2) Subsequent to a Commission determination. A supervised investment bank holding company must amend and resubmit to the Commission its notice of intention, and obtain Commission approval of the amendment, as set forth in paragraph (d)(2)(i) of this section, before it may make a material change to a mathematical model or other method used to compute allowable capital or allowance for market, credit, or operational risk, or its internal risk management control systems as described in its notice of intention, as modified from time to time.

(d) Process for review of notice of intention—(1) When filed. A notice of intention to be supervised by the Commission as a supervised investment bank holding company and any amendments thereto shall not be complete until the investment bank holding company has filed with the Commission all the documentation and information specified in this section. The notice of intention, and any amendments thereto, shall be considered filed when received at the Office of the Secretary at the Commission’s principal office in Washington DC. All notices of intention, amendments thereto, and other information filed in connection with the notice of intention shall be accorded confidential treatment to the extent permitted by law.

(2) Commission determination. (i) An investment bank holding company shall become a supervised investment bank holding company pursuant to section 17(i) of the Act (15 U.S.C. 78q(i)) 45 calendar days after the Commission receives a completed notice of intention to be supervised by the Commission as a supervised investment bank holding company pursuant to paragraph (a) of this section, unless the Commission issues an order determining either that:

(A) The Commission will begin to supervise the investment bank holding company prior to 45 calendar days after the Commission receives the completed notice of intention; or

(B) The Commission will not supervise the investment bank holding company because supervision of the investment bank holding company as a supervised investment bank holding company is not necessary or appropriate in furtherance of the purposes of section 17 of the Act (15 U.S.C. 78q). In addition, the Commission will not consider such supervision necessary or appropriate unless the investment bank holding company demonstrates that it owns or controls a broker or dealer that has a substantial presence in the securities business, which may be demonstrated by a showing that the broker or dealer maintains tentative net capital of $100 million or more.

(ii) The Commission, upon receipt of an amendment to the notice of intention submitted by a supervised investment bank holding company pursuant to paragraph (c)(2) of this section, may approve the amendment after reviewing the amended notice of intention to determine whether the amendment is necessary or appropriate in furtherance of the purposes of section 17 of the Act (15 U.S.C. 78q).

[69 FR 34494, June 21, 2004]

§ 240.17i–3 Withdrawal from supervision by the Commission as a supervised investment bank holding company.

(a) A supervised investment bank holding company may withdraw from
supervision by the Commission as a supervised investment bank holding company by filing a notice of withdrawal with the Commission. The notice of withdrawal shall include a statement regarding whether the supervised investment bank holding company is in compliance with §240.17i–2(c).

(b) A notice of withdrawal from supervision as a supervised investment bank holding company shall become effective one year after it is filed with the Commission, unless the Commission issues an order determining that it is necessary or appropriate for the Commission to terminate its supervision of the supervised investment bank holding company within a shorter or longer period to help ensure effective supervision of the material risks to the supervised investment bank holding company and to any associated person of the supervised investment bank holding company that is a broker or dealer, or to prevent evasion of the purposes of section 17 of the Act (15 U.S.C. 78q).

(c) Notwithstanding paragraphs (a) and (b) of this section, the Commission, by order, may discontinue supervision of any supervised investment bank holding company if the Commission finds that:

(1) The supervised investment bank holding company is no longer in existence;

(2) The supervised investment bank holding company has ceased to be an investment bank holding company; or

(3) Continued supervision by the Commission of the supervised investment bank holding company is not necessary or appropriate in furtherance of the purposes of section 17 of the Act (15 U.S.C. 78q).

[69 FR 34494, June 21, 2004]

§ 240.17i–4 Internal risk management control system requirements for supervised investment bank holding companies.

(a) A supervised investment bank holding company shall comply with §240.15c3–4 as though it were an OTC derivatives dealer with respect to all of its business activities, except paragraphs (c)(5)(i) through (iv), (d)(8), and (d)(9) will not apply; and

(b) As part of its internal risk management control system, a supervised investment bank holding company must establish, document, and maintain procedures for the detection and prevention of money laundering and terrorist financing.

[69 FR 34494, June 21, 2004]

§ 240.17i–5 Record creation, maintenance, and access requirements for supervised investment bank holding companies.

(a) A supervised investment bank holding company shall make and keep current the following records:

(1) A record reflecting the results of stress tests, conducted by the supervised investment bank holding company at least once each quarter, of the affiliate group's funding and liquidity with respect to the following events:

(i) A credit rating downgrade of the supervised investment bank holding company;

(ii) An inability of the supervised investment bank holding company to access capital markets for unsecured short-term funding;

(iii) An inability of the supervised investment bank holding company to move liquid assets across international borders when the events described in paragraphs (a)(1)(i) or (ii) of this section occur; and

(iv) An inability of the supervised investment bank holding company to access credit or assets held at a particular institution when the events described in paragraphs (a)(1)(i) or (ii) of this section occur;

(2) The supervised investment bank holding company's contingency plan to respond to the events outlined in paragraphs (a)(1)(i) through (iv) of this section;

(3) A record of the basis for the determination of the credit risk weight and internal credit rating, if applicable, for each counterparty; and

(4) A record of the calculations of allowable capital and allowances for market, credit, and operational risk computed currently at least once each month on a consolidated basis.

(b) Except as provided in paragraph (c) of this section, the supervised investment bank holding company shall preserve for a period of not less than

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