(2) A branch or agency of a foreign bank that relies on the exemption contained in paragraph (a) of this section is in addition required to comply with § 403.5(e) of this chapter.

(c) For the purposes of this section ''financial institution'' includes an insured credit union, as defined in 12 U.S.C. 1752(7).

§ 401.5 Exemption for corporate credit unions transacting limited government securities business with other credit unions.

(a)(1) Subject to the requirements of paragraph (b) of this section, a corporate credit union shall be exempt from the provisions of section 15C (a), (b) and (d) of the Act (15 U.S.C. 78o–5 (a), (b), (d)) and the regulations thereunder if its government securities dealer activities are limited to the sale and subsequent repurchase and the purchase and subsequent resale, each pursuant to a repurchase or reverse repurchase agreement, of government securities to other credit unions and such other activities as have been exempted by regulation under this part.

(2) For the purposes of this section, ''corporate credit union'' means a credit union whose membership consists primarily of other credit unions and that is (i) a Federal credit union as defined in 12 U.S.C. 1752(1), (ii) an insured credit union as defined in 12 U.S.C. 1752(7), or (iii) a member of the National Credit Union Administration Central Liquidity Facility.

(b) A credit union that relies on the exemption contained in paragraph (a) of this section is required to comply with:

(1) The regulations of part 450 of this chapter concerning custodial holdings of government securities; and

(2) Section 403.5(d) concerning certain repurchase transactions with customers.

§ 401.6 Exemption for branches and agencies of foreign banks that deal solely with non-United States citizens resident offshore.

(a) Subject to the requirements of paragraph (b) of this section, a branch or agency of a foreign bank shall be exempt from the provisions of section 15C (a), (b), and (d) of the Act (15 U.S.C. 78o–5 (a), (b), (d)) and the regulations of

this subchapter, if all the customers with or on behalf of whom it engages in government securities transactions are limited to foreign governments, agencies of foreign governments and other persons and entities who are not citizens of the United States and who reside or, in the case of a corporation, partnership or other entity, have their principal place of business, outside of the United States.

(b) A branch or agency that relies on the exemption contained in paragraph (a) of this section is required to comply with the regulations of part 450 of this chapter concerning custodial holdings of government securities.

§ 401.7 Temporary exemption for certain government securities brokers and dealers terminating business on or before October 31, 1987.

During the period ending October 31, 1987, a government securities broker or dealer shall be exempt from the provisions of section 15C (a), (b), and (d) of the Act (15 U.S.C. 78o–5(a), (b), (d)) and the regulations of this subchapter if:

(a) Its government securities broker or dealer activities are limited to the performance of contractual obligations entered into prior to July 25, 1987;

(b) It is the subsidiary or affiliate of a government securities broker or dealer that has registered or given notice pursuant to section 15C(a)(1) of the Act (15 U.S.C. 78o–5(a)(1)); and

(c) It ceases all government securities broker or dealer activities on or before October 31, 1987.

§ 401.8 Temporary exemption for government securities brokers and dealers that are futures commission merchants registered with the CFTC.

During the period ending October 31, 1987, a government securities broker or dealer that is a futures commission merchant shall be exempt from the provisions of section 15C (a), (b), and (d) of the Act (15 U.S.C. 78o–5 (a), (b), (d)) and the regulations of this subchapter if:

(a) It is registered with the Commodity Futures Trading Commission under section 4f of the Commodity Exchange Act (7 U.S.C. 6f) and the regulations thereunder; and