depository institutions, that invest solely in assets that the holders of their beneficial interests can otherwise invest in without limit, and do not provide third party payment capabilities offer the potential for an increased yield for thrifts. This is consistent with Congressional intent to provide thrifts with convenient liquidity vehicles.


§ 204.124 Repurchase agreement involving shares of a money market mutual fund whose portfolio consists wholly of United States Treasury and Federal agency securities.

(a) The Federal Reserve Act, as amended by the Monetary Control Act of 1980 (title I of Pub. L. 96–221) imposes Federal reserve requirements on transaction accounts and nonpersonal time deposits held by depository institutions. The Board is empowered under the Act to determine what types of obligations shall be deemed a deposit (12 U.S.C. 461). Regulation D—Reserve Requirements of Depository Institutions exempts from the definition of deposit those obligations of a depository institution that arise from a transfer of direct obligations of, or obligations that are fully guaranteed as to principal and interest by, the United States government or any agency thereof that the depository institution is obligated to repurchase (12 CFR 204.2(a)(1)(vii)(B)).

(b) The National Bank Act provides that a national bank may purchase for its own account investment securities under limitations and restrictions as the Comptroller may prescribe (12 U.S.C. 24, ¶ 7). The statute defines investment securities to mean marketable obligations evidencing indebtedness of any person in the form of bonds, notes, and debentures. The Act further limits a national bank’s holdings of any one security to no more than an amount equal to 10 percent of the bank’s capital stock and surplus. However, these limitations do not apply to obligations issued by the United States, general obligations of any state and certain obligations of Federal agencies. In addition, generally a national bank is not permitted to purchase for its own account stock of any corporation. These restrictions also apply to state member banks (12 U.S.C. 335).

(c) The Comptroller of the Currency has permitted national banks to purchase for their own accounts shares of open-end investment companies that are purchased and sold at par (i.e., money market mutual funds) provided the portfolios of such companies consist solely of securities that a national bank may purchase directly (Banking Bulletin B–83–58). The Board of Governors has permitted state member banks to purchase, to the extent permitted under applicable state law, shares of money market mutual funds (MMMF) whose portfolios consist solely of securities that the state member bank may purchase directly (12 CFR 208.123).

(d) The Board has determined that an obligation arising from a repurchase agreement involving shares of a MMMF whose portfolio consists wholly of securities of the United States government or any agency thereof1 would not be a deposit for purposes of Regulations D and Q. The Board believes that a repurchase agreement involving shares of such a MMMF is the functional equivalent of a repurchase agreement directly involving United States government or agency obligations. A purchaser of shares of a MMMF obtains an interest in a pro rata portion of the assets that comprise the MMMF’s portfolio. Accordingly, regardless of whether the repurchase agreement involves United States government or agency obligations directly or shares in a MMMF whose portfolio consists entirely of United States government or agency obligations, an equitable and undivided interest in United States and agency government obligations is being transferred. Moreover, the Board believes that this interpretation will further the purpose of the exemption in Regulations D and Q for repurchase agreements involving United States government or Federal

1The term United States government or any agency thereof as used herein shall have the same meaning as in §204.2(a)(1)(vii)(B) of Regulation D, 12 CFR 204.2(a)(1)(vii)(B).
§ 204.125 Foreign, international, and supranational entities referred to in §§ 204.2(c)(1)(iv)(E) and 204.8(a)(2)(i)(B)(5).  

The entities referred to in §§ 204.2(c)(1)(iv)(E) and 204.8(a)(2)(i)(B)(5) are:

**EUROPE**
- Bank for International Settlements.
- European Atomic Energy Community.
- European Central Bank.
- European Coal and Steel Community.
- The European Communities.
- European Development Fund.
- European Economic Community.
- European Free Trade Association.
- European Fund.
- European Investment Bank.

**LATIN AMERICA**
- Andean Development Corporation.
- Andean Subregional Group.
- Caribbean Development Bank.
- Caribbean Free Trade Association.
- Caribbean Regional Development Agency.
- Central American Bank for Economic Integration.
- The Central American Institute for Industrial Research and Technology.
- Central American Monetary Stabilization Fund.
- East Caribbean Common Market.
- Latin American Free Trade Association.
- Organization for Central American States.
- Permanent Secretariat of the Central American General Treaty of Economic Integration.
- River Plate Basin Commission.

**AFRICA**
- African Development Bank.
- Banque Centrale des Etats de l’Afrique Equatoriale et du Cameroun.
- Banque Centrale des Etats d’Afrique de l’Ouest.
- Conseil de l’Entente.
- East African Community.
- Organisation Commune Africaine et Malagache.
- Organization of African Unity.
- Union des Etats de l’Afrique Centrale.
- Union Douaniere et Economique de l’Afrique Centrale.
- Union Douaniere des Etats de l’Afrique de l’Ouest.

**ASIA**
- Asia and Pacific Council.

Association of Southeast Asian Nations.
Bank of Taiwan.
Korea Exchange Bank.

**MIDDLE EAST**
- Central Treaty Organization.
- Regional Cooperation for Development.