§ 220.9

(a) Credit for clearance of securities. The provisions of this part shall not apply to the extension or maintenance of any credit that is not for more than one day if it is incidental to the clearance of transactions in securities directly between members of a national securities exchange or association or through any clearing agency registered with the SEC.

(b) Deposit of securities with a clearing agency. The provisions of this part shall not apply to the deposit of securities with an option or futures clearing agency for the purpose of meeting the deposit requirements of the agency if:

(1) The clearing agency:

(i) Within the period specified in paragraph (b)(1) of this section, full payment is received or any check or draft in payment has cleared and the proceeds from the sale are not withdrawn prior to such payment or check clearance; or

(ii) The purchased security was delivered to another broker or dealer for deposit in a cash account which holds sufficient funds to pay for the security. The creditor may rely on a written statement accepted in good faith from the other broker or dealer that sufficient funds are held in the other cash account.

(d) Extension of time periods; transfers. (1) Unless the creditor’s examining authority believes that the creditor is not acting in good faith or that the creditor has not sufficiently determined that exceptional circumstances warrant such action, it may upon application by the creditor:

(i) Extend any period specified in paragraph (b) of this section;

(ii) Authorize transfer to another account of any transaction involving the purchase of a margin or exempted security; or

(iii) Grant a waiver from the 90 day freeze.

(2) Applications shall be filed and acted upon prior to the end of the payment period, or in the case of the purchase of a foreign security within the period specified in paragraph (b)(1)(ii) of this section, or the expiration of any subsequent extension.

[Reg. T, 63 FR 2825, Jan. 16, 1998]

§ 220.9 Clearance of securities, options, and futures.

(a) Credit for clearance of securities. The provisions of this part shall not apply to the extension or maintenance of any credit that is not for more than one day if it is incidental to the clearance of transactions in securities directly between members of a national securities exchange or association or through any clearing agency registered with the SEC.

(b) Deposit of securities with a clearing agency. The provisions of this part shall not apply to the deposit of securities with an option or futures clearing agency for the purpose of meeting the deposit requirements of the agency if:

(1) The clearing agency:
Federal Reserve System
§ 220.11 Requirements for the list of marginable OTC stocks and the list of foreign margin stocks.

(a) Requirements for inclusion on the list of marginable OTC stocks. Except as provided in paragraph (f) of this section, OTC margin stock shall meet the following requirements:

1. Four or more dealers stand willing to, and do in fact, make a market in such stock and regularly submit bona fide bids and offers to an automated quotations system for their own accounts;

2. The minimum average bid price of such stock, as determined by the Board, is at least $5 per share;

3. The stock is registered under section 12 of the Act, issued by an insurance company subject to section 12(g)(2)(G) of the Act, issued by a closed-end investment management company subject to registration pursuant to section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a-8), is an American Depository Receipt (ADR) of a foreign issuer whose securities are registered under section 12 of the Act, or is a stock of an issuer required to file reports under section 15(d) of the Act;

4. Daily quotations for both bid and asked prices for the stock are continuously available to the general public;

5. The stock has been publicly traded for at least six months;

6. The issuer has at least $4 million of capital, surplus, and undivided profits;

7. There are 400,000 or more shares of such stock outstanding in addition to shares held beneficially by officers, directors or beneficial owners of more than 10 percent of the stock; and

8. There are 1,200 or more holders of such stock, as defined in SEC Rule 12g5–1 (17 CFR 240.12g5–1), of the stock who are not officers, directors or beneficial owners of 10 percent or more of the stock, or the average daily trading volume of such stock as determined by the Board, is at least 500 shares; and

9. The issuer or a predecessor in interest has been in existence for at least three years.

(b) Requirements for continued inclusion on the list of marginable OTC stocks. Except as provided in paragraph (f) of this section, OTC margin stock shall meet the following requirements:

1. Three or more dealers stand willing to, and do in fact, make a market in such stock and regularly submit