§ 12.7 Securities trading policies and procedures.

(a) Policies and procedures: reports of securities trading. A national bank effecting securities transactions for customers shall maintain and adhere to policies and procedures that:

(1) Assign responsibility for supervision of all officers or employees who:

(i) Transmit orders to or place orders with registered broker/dealers;

(ii) Execute transactions in securities for customers; or

(iii) Process orders for notification or settlement purposes, or perform other back office functions with respect to securities transactions effected for customers. Policies and procedures for personnel described in this paragraph (a)(1)(iii) must provide for supervision and reporting lines that are separate from supervision and reporting lines for personnel described in paragraphs (a)(1)(i) and (ii) of this section;

(2) Provide for the fair and equitable allocation of securities and prices to accounts when the bank receives orders for the same security at approximately the same time and places the orders for execution either individually or in combination;

(3) Provide for the crossing of buy and sell orders on a fair and equitable basis to the parties to the transaction, where permissible under applicable law; and

(4) Require bank officers and employees to report to the bank, within the deadline specified in SEC rule 17j–1 (17 CFR 270.17j–1) for quarterly transaction reports, all personal transactions in securities made by them or on their behalf in which they have a beneficial interest, if the officers and employees:

(i) Make investment recommendations or decisions for the accounts of customers;

(ii) Participate in the determination of the recommendations or decisions; or

(iii) In connection with their duties, obtain information concerning which securities are purchased, sold, or recommended for purchase or sale by the bank.

(b) Required information. The report required under paragraph (a)(4) of this section must contain the following information:

(1) The date of the transaction, the title and number of shares, and the principal amount of each security involved;

(2) The nature of the transaction (i.e. purchase, sale, or other type of acquisition or disposition);

(3) The price at which the transaction was effected; and

(4) The name of the registered broker, registered dealer, or bank with

§ 12.6 Fees.

A national bank may charge a reasonable fee for providing notification pursuant to §12.5(b), (c), and (e). A national bank may not charge a fee for providing notification pursuant to §12.4 or §12.5(a) and (d).
or through whom the transaction was

(c) Report not required. This section
does not require a bank officer or em-
ployee to report transactions if:
(1) The officer or employee has no di-
rect or indirect influence or control
over the transaction;
(2) The transaction is in mutual fund
shares;
(3) The transaction is in government
securities; or
(4) The transactions involve an ag-
gregate amount of purchases and sales
per officer or employee of $10,000 or less
during the calendar quarter.

(d) Additional reporting requirement. A
national bank that acts as an invest-
ment adviser to an investment com-
pany is subject to the requirements of
Securities and Exchange Commission
(SEC) Rule 17j–1 (17 CFR 270.17j–1)
issued under the Investment Company
Act of 1940. SEC Rule 17j–1 requires an
“access person” of the investment ad-
viser to report certain personal securi-
ties transactions to the investment ad-
viser for review by the Securities and
Exchange Commission. “Access person
includes directors, officers, and certain
employees of the investment adviser.
The reporting requirement under para-
graph (a)(4) of this section is a separate
requirement from any applicable re-
quirements under SEC Rule 17j–1. How-
ever, an “access person” required to file
a report with a national bank pursuant
to SEC Rule 17j–1 need not file a sepa-
rate report under paragraph (a)(4) of
this section if the required information
is the same.

[61 FR 63965, Dec. 2, 1996, as amended at 73
FR 22243, Apr. 24, 2008]

§ 12.8 Waivers.

A national bank may file a written
request with the OCC for waiver of one
or more of the requirements set forth in §§12.2 through 12.7, either in whole
or in part. The OCC may grant a waiver
from the requirements of this part to
any national bank, or any class of na-
tional banks, with regard to a specific
transaction or a specific class of trans-
actions.

§ 12.9 Settlement of securities trans-
actions.

(a) A national bank shall not effect
or enter into a contract for the pur-
chase or sale of a security (other than
an exempted security as defined in 15
U.S.C. 78c(a)(12), government security,
municipal security, commercial paper,
bankers’ acceptances, or commercial
bills) that provides for payment of
funds and delivery of securities later
than the third business day after the
date of the contract, unless otherwise
expressly agreed to by the parties at
the time of the transaction.

(b) Paragraphs (a) and (c) of this sec-
tion do not apply to contracts:
(1) For the purchase or sale of limited
partnership interests that are not listed
on an exchange or for which
quotations are not disseminated
through an automated quotation sys-
tem of a registered securities associa-
tion;
(2) For the purchase or sale of securi-
ties that the Securities and Exchange
Commission (SEC) may from time to
time, taking into account then existing
market practices, exempt by order
from the requirements of paragraph (a)
of SEC Rule 15c6–1, 17 CFR 240.15c6–
1(a), either unconditionally or on speci-
fied terms and conditions, if the SEC
determines that an exemption is cons-
sistent with the public interest and the
protection of investors.

(c) Paragraph (a) of this section does
not apply to contracts for the sale for
cash of securities that are priced after
4:30 p.m. Eastern time on the date the
securities are priced and that are sold
by an issuer to an underwriter pursu-
ant to a firm commitment under-
written offering registered under the
Securities Act of 1933, 15 U.S.C. 77a et
seq., or sold to an initial purchaser by
a national bank participating in the of-
fering. A national bank shall not effect
or enter into a contract for the pur-
chase or sale of the securities that pro-
vides for payment of funds and delivery
of securities later than the fourth busi-
ness day after the date of the contract
unless otherwise expressly agreed to by
the parties at the time of the trans-
action.

(d) For purposes of paragraphs (a)
and (c) of this section, the parties to a
contract are deemed to have expressly