§ 220.6 Good faith account.

In a good faith account, a creditor may effect or finance customer transactions in accordance with the following provisions:
(a) Securities entitled to good faith margin—(1) Permissible transactions. A creditor may effect and finance transactions involving the buying, carrying, or trading of any security entitled to "good faith" margin as set forth in §220.12 (the Supplement).
(2) Required margin. The required margin is set forth in §220.12 (the Supplement).
(3) Satisfaction of margin. Required margin may be satisfied by a transfer from the special memorandum account or by a deposit of cash, securities entitled to "good faith" margin as set forth in §220.12 (the Supplement), any other asset that is not a security, or any combination thereof. An asset that is not a security shall have a margin value determined by the creditor in good faith.
(b) Arbitrage. A creditor may effect and finance for any customer bona fide arbitrage transactions. For the purpose of this section, the term "bona fide arbitrage" means:
(1) A purchase or sale of a security in one market together with an offsetting sale or purchase of the same security in a different market at nearly the same time as practicable for the purpose of taking advantage of a difference in prices in the two markets; or
(2) A purchase of a security which is, without restriction other than the payment of money, exchangeable or convertible within 90 calendar days of the purchase into a second security together with an offsetting sale of the second security at or about the same time, for the purpose of taking advantage of a concurrent disparity in the prices of the two securities.
(c) "Prime broker" transactions. A creditor may effect transactions for a customer as part of a "prime broker" arrangement in conformity with SEC guidelines.
(d) Credit to ESOPs. A creditor may extend and maintain credit to employee stock ownership plans without regard to the other provisions of this part.

(e) Nonpurpose credit. (1) A creditor may:
(i) Effect and carry transactions in commodities;
(ii) Effect and carry transactions in foreign exchange;
(iii) Extend and maintain secured or unsecured nonpurpose credit, subject to the requirements of paragraph (e)(2) of this section.
(2) Every extension of credit, except as provided in paragraphs (e)(1)(i) and (e)(1)(ii) of this section, shall be deemed to be purpose credit unless, prior to extending the credit, the creditor accepts in good faith from the customer a written statement that it is not purpose credit. The statement shall conform to the requirements established by the Board.

§ 220.7 Broker-dealer credit account.

(a) Requirements. In a broker-dealer credit account, a creditor may effect or finance transactions in accordance with the following provisions.
(b) Purchase or sale of security against full payment. A creditor may purchase any security from or sell any security to another creditor or person regulated by a foreign securities authority under a good faith agreement to promptly deliver the security against full payment of the purchase price.
(c) Joint back office. A creditor may effect or finance transactions of any of its owners if the creditor is a clearing and servicing broker or dealer owned jointly or individually by other creditors.
(d) Capital contribution. A creditor may extend and maintain credit to any partner or stockholder of the creditor for the purpose of making a capital contribution to, or purchasing stock of, the creditor, affiliated corporation or another creditor.
(e) Emergency and subordinated credit. A creditor may extend and maintain, with the approval of the appropriate examining authority:
(1) Credit to meet the emergency needs of any creditor; or
(2) Subordinated credit to another creditor for capital purposes, if the other creditor:
(i) Is an affiliated corporation or would not be considered a customer of