

Federal Reserve System

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complete filing is received by the responsible Reserve Bank.

(2) *Earlier notification that a registration is effective.* The Board may notify a securities holding company that its registration to become a supervised securities holding company is effective prior to the 45th calendar day after the date that a complete filing is received by the responsible Reserve Bank. Such a notification must be in writing.

(3) *Supervision and regulation of securities holding companies.* (i) Upon an effective registration and except as otherwise provided by order of the Board, a supervised securities holding company shall be treated, and shall be subject to supervision and regulation by the Board, as if it were a bank holding company, or as otherwise appropriate to protect the safety and soundness of the supervised securities holding company and address the risks posed by such company to financial stability.

(ii) The provisions of section 4 of the Bank Holding Company Act of 1956 (12 U.S.C. 1841 *et seq.*) do not apply to a supervised securities holding company.

PART 242—DEFINITIONS RELATING TO TITLE I OF THE DODD-FRANK ACT (REGULATION PP)

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APPENDIX A TO PART 242—FINANCIAL ACTIVITIES FOR PURPOSES OF TITLE I OF THE DODD-FRANK ACT

AUTHORITY: 12 U.S.C. 5311.

SOURCE: 78 FR 20776, Apr. 5, 2013, unless otherwise noted..

§ 242.1 Authority and purpose.

(a) *Authority.* This part is issued by the Board pursuant to sections 102(a)(7) and (b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) (12 U.S.C. 5311(a)(7) and (b)).

(b) *Purpose.* (1) This part establishes the criteria for determining if a company is “predominantly engaged in financial activities” as required under

section 102(b) of the Dodd-Frank Act (12 U.S.C. 5311(b)) for purposes of Title I of the Dodd-Frank Act.

(2) This part defines the terms “significant nonbank financial company” and “significant bank holding company” as provided in section 102(a)(6) of the Dodd-Frank Act for purposes of—

(i) Section 113 of the Dodd-Frank Act (12 U.S.C. 5323) relating to the designation of nonbank financial companies by the Financial Stability Oversight Council (Council) for supervision by the Board; and

(ii) Section 165(d)(2) of the Dodd-Frank Act (12 U.S.C. 5365(d)(2)) relating to the credit exposure reports required to be filed by—

(A) A nonbank financial company supervised by the Board; and

(B) A bank holding company or foreign bank subject to the Bank Holding Company Act (BHC Act) (12 U.S.C. 1841 *et seq.*) that has \$50 billion or more in total consolidated assets.

§ 242.2 Definitions.

For purposes of this part, the following definitions shall apply:

Applicable accounting standards.—The term “applicable accounting standards” with respect to a company means:

(1) U.S. generally accepted accounting principles (GAAP), if the company uses GAAP in the ordinary course of its business in preparing its consolidated financial statements;

(2) International Financial Reporting Standards (IFRS), if the company uses IFRS in the ordinary course of its business in preparing its consolidated financial statements, or

(3) Such other accounting standards that the Council, with respect to the definition of a nonbank financial company for purposes of Title I of the Dodd-Frank Act (other than with respect to the definition of a significant nonbank financial company), or the Board, with respect to the definition of a significant nonbank financial company, determines are appropriate on a case-by-case basis.

Foreign nonbank financial company.—The term “foreign nonbank financial company” means a company (other than a company that is, or is treated in