

**FEDERAL RESERVE BANK  
OF NEW YORK**

[ Circular No. 10157 ]  
March 2, 1987 ]

**PROPOSED FORM OF NOTICE BY FINANCIAL INSTITUTIONS REGARDING  
GOVERNMENT SECURITIES BROKER OR DEALER ACTIVITIES**

**Comment Invited by March 27**

*To All Depository Institutions, in the Second  
Federal Reserve District and Others Concerned:*

Following is the text of a statement issued by the Board of Governors of the Federal Reserve System:

The Federal Reserve Board has requested comment on two notices that would be used by financial institutions to notify their Federal regulators of their status under the Government Securities Act of 1986. Comment must be received by the Board by March 27.

The Act requires all financial institutions that act as Government securities brokers or dealers to notify their Federal regulators of their broker-dealer activities. Institutions that currently act as broker-dealers must file the notice by July 25. The second notice would be used by institutions that terminate their status as a Government securities broker or dealer.

Under the Act, the Board has the responsibility to establish the form of these notices to be used by commercial banks, foreign banks, savings banks and savings and loan associations.

Printed on the reverse side is the text of the Board's notice in this matter, which has been reprinted from the *Federal Register* of February 25, 1987.

Enclosed — for depository institutions in this District — is a copy of the sample forms and instructions that institutions will use to notify their Federal regulators of their activities as securities brokers or dealers; copies of the forms will be furnished to others upon request directed to the Circulars Division of this Bank (Tel. No. 212-720-5215 or 5216).

Comments on the proposal may be sent to the Board of Governors, as specified in the notice, or to our Multinational Banking Department, by March 27, 1987. Questions on this matter should be directed to Gerald P. Minehan, Assistant Chief Examiner (Tel. No. 212-720-5881).

In a related action, the Treasury Department has published for comment proposed rules that, among other things, establish exemptions from the notice requirements for certain classes of financial institutions. A copy of those proposed regulations, as published in the *Federal Register* of February 25, 1987, will be sent to you shortly.

E. GERALD CORRIGAN,  
*President.*

(OVER)

## FEDERAL RESERVE SYSTEM

[Docket No. R-0596]

### Financial Institutions Acting as Government Securities Brokers or Government Securities Dealers

**AGENCY:** Board of Governors of the Federal Reserve System.

**ACTION:** Notice.

**SUMMARY:** Under section 15C(a)(1)(B) of the Securities Exchange Act of 1934, 15 U.S.C. 78o-5(a)(1)(B), as amended by the Government Securities Act of 1986 (Pub. L. 99-571), all financial institutions that act as government securities brokers or government securities dealers must notify their designated federal supervisory agencies of their broker/dealer activities, unless exempted from the notice requirement by Treasury Department regulation. The Board of Governors has the responsibility for establishing the form for this notice, as well as the form of the notice to be filed by financial institutions that are no longer acting as government securities brokers or government securities dealers. In discharging these responsibilities, the Board is proposing to adopt Form G-FIN (notification by financial institution of status as government securities broker or dealer) and Form G-FINW (notification by financial institution of termination of status as government securities broker or dealer).

These forms are also being submitted for review and approval under the Paperwork Reduction Act (chapter 35 of 44 U.S.C.) and OMB regulations on Controlling Paperwork Burdens on the Public (5 CFR Part 1320). Copies of the proposed forms and supporting documents are available from the Board clearance officer listed below.

**DATES:** Comments must be received by March 27, 1987.

**ADDRESSES:** Comments, which should refer to Docket No. R-0596, should be sent to Mr. William W. Wiles, Secretary, Board of Governors of the Federal Reserve System, Washington, DC 20551. Comments may also be sent to Mr.

Robert Neal, Desk Officer, Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 3208, Washington, DC 20503.

**FOR FURTHER INFORMATION CONTACT:** Robert S. Plotkin, Assistant Director (202-452-2782), or Susan S. Meyers, Senior Securities Regulation Analyst (202-452-2781), Division of Banking Supervision and Regulation; or, for the hearing impaired *only*:

Telecommunications Device for the Deaf (202-452-3544), Earnestine Hill or Dorothea Thompson, Board of Governors of the Federal Reserve System. Federal Reserve Paperwork Clearance Officer: Nancy Steele, Division of Research and Statistics (202-452-3822). Interested parties may also contact the OMB Desk Officer, Robert Neal (202-395-6880).

**SUPPLEMENTARY INFORMATION:** The Board is proposing to prescribe forms G-FIN and G-FINW as the vehicles for financial institutions to submit the notices of status as government securities brokers and government securities dealers required by the Government Securities Act of 1986, 15 U.S.C. 78o-5(a)(1)(B). All financial institutions (generally federal and state chartered commercial banks, foreign banks, savings banks, and savings and loan associations, but not credit unions) that act or cease to act as government securities brokers or government securities dealers are required by section 78o-5(a)(1)(B) to file these notices with their appropriate regulatory agencies unless exempted from the notice requirement by Treasury

Department rule. Financial institutions that are currently acting as government securities brokers or government securities dealers and not otherwise exempt must file a notice on Form G-FIN by July 25, 1987. Financial institutions that intend to engage in these activities after that date must file a notice prior to commencement of these operations.

In general, the appropriate regulatory agency for national banks is the Comptroller of the Currency; for state member banks, the Board of Governors of the Federal Reserve System; for insured non-member state banks, the Federal Deposit Insurance Corporation; for savings and loan associations, the Federal Home Loan Bank Board; and for non-federally insured financial institutions, the Securities and Exchange Commission. A foreign bank should refer to section 3(a)(34) of the Securities Exchange Act (15 U.S.C. 78c(a)(34)) as amended by section 102 of the Government Securities Act to determine its appropriate regulatory agency.

In a related action the Treasury Department is proposing rules under the Government Securities Act that, among other things, establishes exemptions from the notice requirement for certain classes of financial institutions. (See proposed 17 CFR Part 401.) In addition, the Treasury Department is proposing to require the filing of an amendment to the notice if any information contained therein becomes inaccurate. (See proposed 17 CFR 400.5(b).)

Reference to the Forms G-FIN and G-FINW will be at 17 CFR 449.1 and 449.2.

Board of Governor of the Federal Reserve System February 23, 1987.

William W. Wiles,  
Secretary of the Board.

[FR Doc. 87-4043 Filed 2-24-87; 8:45 am]

BILLING CODE 6210-01-M

**PROPOSED**

**FORM G-FIN  
NOTICE BY FINANCIAL INSTITUTIONS OF  
GOVERNMENT SECURITIES BROKER OR  
GOVERNMENT SECURITIES DEALER ACTIVITIES**

(This booklet includes instructions and blank forms)

(SEAL)      **BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM**

(SEAL)      **FEDERAL DEPOSIT INSURANCE CORPORATION**

(SEAL)      **OFFICE OF THE COMPTROLLER OF THE CURRENCY**

(SEAL)      **FEDERAL HOME LOAN BANK BOARD**

(SEAL)      **SECURITIES AND EXCHANGE COMMISSION**

**N O T I C E    R E Q U I R E M E N T S**

This notice must be filed by all financial institutions that are government securities brokers or government securities dealers that are not exempt from the notice requirement under regulations of the Department of the Treasury. Generally, a financial institution will not be required to file as a government securities broker or dealer if its only government securities activities are to: (1) Buy or sell government securities solely for investment for its own account; (2) Buy or sell government securities for fiduciary accounts; (3) Handle savings bond transactions; (4) Submit tenders for the account of customers for purchase on original issue of U.S. Treasury securities; (5) Enter into repurchase agreements; (6) Enter into fewer than 500 reverse repurchase agreements in a calendar year; (7) Effect fewer than 500 government securities brokerage transactions per year; (8) Effect brokerage transactions only through another government securities broker or dealer on a fully disclosed basis; or (9) Effect brokerage transactions that do not involve active solicitations.

**FOR FURTHER INFORMATION ON THE REQUIREMENTS TO FILE THIS NOTICE,  
PLEASE REFER TO THE INSTRUCTIONS.**

F.R. \_\_\_\_\_  
OMB No. \_\_\_\_\_  
Approval \_\_\_\_\_  
Expires \_\_\_\_\_

**Form G-FIN**  
**Notice of Government Securities Broker or**  
**Government Securities Dealer Activities to be**  
**Filed by a Financial Institution Under**  
**Section 15C(a)(1)(B) of the**  
**Securities Exchange Act of 1934**

1. Appropriate regulatory agency (check one):

- ☐ Comptroller of the Currency
- ☐ Board of Governors of the Federal Reserve System
- ☐ Federal Deposit Insurance Corporation
- ☐ Federal Home Loan Bank Board
- ☐ Federal Savings and Loan Insurance Corporation
- ☐ Securities and Exchange Commission

2. Filing status of notice (check as applicable):

- |   |                                    |
|---|------------------------------------|
| <input type="checkbox"/> Government Securities Broker | <input type="checkbox"/> Notice    |
| <input type="checkbox"/> Government Securities Dealer | <input type="checkbox"/> Amendment |

3. (a) Full name of Financial Institution

(b) Address of principal office of Financial Institution

(c) Address of principal office where government securities broker or government securities dealer activities will be conducted (if different than item (b))

(d) Mailing address if different from (b) or (c)

(e) Name, title and telephone number of contact person with respect to this notice

_____	_____	_____
Name	Title	Telephone No.

4. Does Financial Institution conduct, or will it conduct, government securities broker or government securities dealer activities at any location other than that given in Question 3 above?

( ) yes ( ) no

(If yes, provide address and describe activities)

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5. Furnish the name and title of each person who is directly engaged in the management, direction or supervision of any of the financial institution's government securities broker or government securities dealer activities:

Full Name

Last	First	Middle	Title

(Note: Attach a separate Form G-FIN-4 (or, if previously filed, a copy of Form MSD-4 or Form U-4) for each person named in response to this Item 5).

6. Has any "associated person" (see definition in paragraph (A)7 of the Instructions) responded "yes" to any question in Item 18 of Form G-FIN-4, or "yes" to one or more questions in Items 23 through 26 of Form MSD-4 or Item 22 on Form U-4?

( ) yes ( ) no

If yes, attach a copy of G-FIN 4, Form MSD-4, or Form U-4 for all such persons with this Notice.

(Note: The financial institution and the person executing this form are responsible for making an inquiry of all other employers of any associated person during the immediately preceding three years for the purpose of verifying the accuracy of the information furnished on Form G-FIN-4. (See 17 CFR 400.4(c)). Similar requirements are applicable to Form MSD-4 and Form U-4.)

7. The financial institution submitting the form and the person executing it represent that all of the information contained herein is true, current and complete.

Name (print) and title of person executing form:

First	Middle	Last	Title
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Manual Signature	Date
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**Form G-FIN**  
**Instructions for Completing Notice of**  
**Government Securities Broker or Government Securities Dealer**  
**Activities by Financial Institutions**

**General Information and Instructions**

**(A) Terms and Abbreviations**

1. "Act" refers to the Securities Exchange Act of 1934, as amended by the Government Securities Act of 1986.
2. "ARA" refers to the financial institution's appropriate regulatory agency, as defined in section 3(a)(34)(g) of the Act. See general instruction (E) below for a listing of appropriate regulatory agencies.
3. "Government securities" are defined in section 3(a)(42) of the Act. In general, this term refers to direct obligations of or obligations guaranteed as to principal or interest by the United States; obligations of U. S. agencies which have been appropriately designated by the Secretary of the Treasury; securities issued or guaranteed as to principal or interest by corporations designated by statute to constitute exempt securities; and puts, calls, straddles or options on such securities. Although not all inclusive, the following are the more common types of government securities covered by the term: U.S. Treasury bills, bonds, notes; discount notes, bonds, certain collateralized mortgage obligations, pass throughs, master notes, and other obligations of the Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), Student Loan Marketing Association (SLMA), Federal Home Loan Banks and Farm Credit Banks; securitized Small Business Association (SBA) loans; and FNMA stock.
4. "Government securities broker" is defined in section 3(a)(43) of the Act. In general, this term refers to a financial institution that is regularly engaged in the business of effecting transactions in government securities for the account of others.

5. "Government securities dealer" is defined in section 3(a)(44) of the Act. In general, this term refers to a financial institution engaged in the business of buying and selling securities for its own account but does not include a financial institution insofar as it buys or sells securities for its own account but not as a part of its regular business, or in a fiduciary capacity.
6. "Financial institution" is defined in Section 3(a)(46) of the Act. In general, the term refers to any national or State chartered bank or trust company which is supervised and examined by a State or Federal bank supervisory agency, a foreign bank, and any other institution whose deposits are insured by the Federal Savings and Loan Insurance corporation.
7. "Associated person" is defined by Treasury regulation (17 CFR 400.4(e)(1)(i)) to mean a person directly engaged in any of the following activities in either a supervisory or non-supervisory capacity: underwriting, trading or sales of government securities; financial advisory or consultant services for issuers in connection with the issuance of government securities; or research or investment advice, other than general economic information or advice, with respect to government securities in connection with the activities described above. The term is further defined in Section 400.4(e)(1)(ii) to cover persons engaged in the following activities in a supervisory capacity: processing and clearance activities with respect to government securities; and maintenance of records involving any of the activities described in this paragraph.

This definition does not include directors and senior officers of the financial institution who may from time to time set broad policy guidelines affecting the financial institution as a whole, but are not directly involved in the conduct of the financial institution's government securities business on a day-to-day basis. It also does not cover persons whose functions are solely clerical or ministerial.

- (B) **Who must file?** Under section 15C (a)(1)(B) of the Act, any financial institution that is a government securities broker or government securities dealer within the foregoing definitions must file with its ARA

a written notice, on the form prescribed herein, except as described below.

A financial institution that buys and sells securities solely for investment for its own account or for accounts for which it acts as a fiduciary will not generally be classified as a dealer, even though such purchases and sales are made with some frequency. Virtually every financial institution purchases government securities for investment; and purchases and sales may occur to accommodate changes in the financial institution's financial position or to reflect investment decisions. The legislative history of the Act indicates that Congress did not intend to require financial institutions engaged in such investment-type activity to register as dealers.

The Department of the Treasury is proposing to exempt financial institutions that engage solely in the following activities:

- (1) Acting as issuing agent, payment agent or forwarding agent for U.S. Savings Bonds;
- (2) submission of tenders for the account of customers for purchase on original issue of U.S. Treasury securities;
- (3) sales subject to repurchase of government securities (repurchase agreement);
- (4) purchases subject to resale of government securities (reverse repurchase agreement), provided they do not exceed 500 transactions in any calendar year.

In general, government securities activities that may bring a financial institution within the definition of government securities dealer include the following: (1) underwriting or participating in a selling group for the sale of government securities; (2) advertising or otherwise holding itself out to other dealers or investors as a dealer in government securities; or (3) quoting a market for government securities and in connection with such quotations, standing ready to purchase or sell government securities.

The Department of the Treasury also has proposed to exempt any financial institution from the definition of government securities broker unless it

- (1) holds itself out as a government securities broker or interdealer broker; or
- (2) actively solicits individual purchases or sales of government securities on an agency basis.

In addition, a financial institution will be exempt if it (a) effects less than 500 brokerage transactions per year or (b) except for U.S. Savings

Bonds and submissions of tenders for U.S. Treasury securities (as described above), effects all brokerage transactions through a government securities broker or dealer who is clearly identified as the entity providing the brokerage services, who confirms such transactions directly to the customer and who meets the other conditions of the exemption.

- (C) **When to file.** A financial institution that is acting as a government securities broker or government securities dealer on July 25, 1987 must file a notice with its ARA on or before that date and any financial institution that proposes to act as a government securities broker or government securities dealer after that date shall file the notice before it commences operations.
- (D) **Amendments.** In the event any of the information previously submitted on this notice becomes incomplete, inaccurate or no longer applicable, the notice must be amended. This amendment must be filed within 30 calendar days of its becoming inaccurate.

Items 1, 2, 3 and 7 of the notice shall be completed for each amendment. Otherwise, only those items which are being amended need to be completed.

- (E) **How and where to file: Number of copies.** Each financial institution must file two copies of the notice and each amendment with its ARA, one of which will be sent by the ARA to the SEC. A financial institution may determine the name and address of its ARA from the following:
1. A national bank, a bank operating in the District of Columbia that is examined by the Comptroller of the Currency, or a Federal branch or Federal agency of a foreign bank, files with the:
 

**Office of the Comptroller of the Currency  
Administrator of National Banks  
Division of Investment Securities  
Washington, D.C. 20219**
  2. A State member bank of the Federal Reserve System, a foreign bank, a State branch or a State agency of a foreign bank, or a commercial lending company owned or controlled by a foreign bank, files with the:

**Board of Governors of the  
Federal Reserve System**

**Division of Banking Supervision & Regulation  
Securities Regulation Section  
Washington, D.C. 20551**

3. A bank insured by the Federal Deposit Insurance Corporation (other than a bank which is a member of the Federal Reserve System or a Federal savings bank) files with the:

**Federal Deposit Insurance Corporation  
Securities Analysis Unit  
Washington, D.C. 20429**

4. A Federal savings and loan association, District of Columbia savings and loan association, Federal savings bank, or an institution insured by the Federal Savings and Loan Insurance Corporation, files with the:

**Federal Home Loan Bank Board  
Office of the General Counsel  
Corporate and Securities Division  
1700 G Street, N.W.  
Washington, D.C. 20552**

5. A State chartered bank or a State chartered trust company, whose deposits are not insured by the Federal Deposit Insurance Corporation or any other financial institution not described in the preceding paragraphs files with the:

**Securities and Exchange Commission  
450 Fifth Street, N.W.  
Washington, D.C. 20549**

- (F) **Privacy Act Notice:** Collection of the information to be supplied on this form is authorized by section 15.C(a)(1)(B) of the Securities Exchange Act of 1934, 15 U.S.C. 78o-5(a)(1)(B). Disclosure is mandatory for all financial institutions that act as government securities brokers or government securities dealers that are not exempted from filing under Treasury Department regulations (see 17 C.F.R. Part 401). The principal purpose of this notice is to identify to the appropriate regulatory agencies those financial institutions that act as government securities brokers or government securities dealers and are subject to regulation under the Act. Information supplied on this form will be included routinely in the public files of the appropriate regulatory agencies and will be available for inspection by any interested person. In addition, the Securities and Exchange Commission will

maintain copies of all G-FIN notices in the public files, and will make them available for public inspection by any interested person. Financial institutions that do not disclose the information solicited on this form may not lawfully act as government securities brokers or government securities dealers unless exempt from the notice requirement by Treasury Department regulation (17 C.F.R. Part 401).

**PROPOSED**

**FORM G-FIN-W  
NOTICE BY FINANCIAL INSTITUTIONS OF  
TERMINATION OF ACTIVITIES AS A  
GOVERNMENT SECURITIES BROKER OR  
GOVERNMENT SECURITIES DEALER**

(This booklet includes instructions and blank forms)

(SEAL)      **BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM**

(SEAL)      **FEDERAL DEPOSIT INSURANCE CORPORATION**

(SEAL)      **OFFICE OF THE COMPTROLLER OF THE CURRENCY**

(SEAL)      **FEDERAL HOME LOAN BANK BOARD**

(SEAL)      **SECURITIES AND EXCHANGE COMMISSION**

F.R. G-FIN-W

OMB No. \_\_\_\_\_

Approval \_\_\_\_\_

Expires \_\_\_\_\_

**FORM G-FIN-W**  
**NOTICE BY FINANCIAL INSTITUTIONS OF**  
**TERMINATION OF ACTIVITIES AS A**  
**GOVERNMENT SECURITIES BROKER OR**  
**GOVERNMENT SECURITIES DEALER**

1. Appropriate regulatory agency (check one):

- ☐ Board of Governors of the Federal Reserve System
- ☐ Comptroller of the Currency
- ☐ Federal Deposit Insurance Corporation
- ☐ Federal Home Loan Bank Board
- ☐ Securities and Exchange Commission

2. (a) Full name of Financial Institution

(b) Address of principal office of Financial Institution

(c) Mailing address if different from (b).

3. Furnish the name and address of the person who has or will have custody or possession of the financial institutions books and records with respect to the financial institution's activities as a government securities broker or government securities dealer:

4. Furnish the address of the place where such books and records will be located:

5. The financial institution submitting this notice of termination of activities and the person executing it represent that all of the information contained herein is true, current and complete.

Name (print) and title of person executing form:

First	Middle	Last	Title
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Manual Signature (Official responsible for Form)	Print name and title of Official responsible for Form
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Date: \_\_\_\_\_

**GENERAL INSTRUCTIONS**  
**FORM G-FIN-W**  
**TERMINATION OF ACTIVITIES AS A**  
**GOVERNMENT SECURITIES BROKER OR**  
**GOVERNMENT SECURITIES DEALER**

1. **When to file.** A financial institution that has filed a Notice of Government Securities Broker or Government Securities Dealer Activities pursuant to section 15C.(a)(1)(B) of the Securities Exchange Act of 1934 must file this notice with its appropriate regulatory agency (ARA) when the financial institution ceases to act as a government securities broker or government securities dealer.

A notice to terminate activities as a Government Securities Broker or Government Securities Dealer shall become effective for all matters on the 60th day after filing this notice unless the financial institution is otherwise notified by its ARA.

2. **How and where to file: Number of copies.** Each financial institution must file two copies of the notice with its ARA, one of which will be sent by the ARA to the SEC. Both copies of this Form filed with the ARA shall be executed with a manual signature in Item 5. The Form shall be signed in the name of the financial institution by a principal officer who was directly engaged in the management, direction, or supervision of the financial institution's government securities broker or dealer activities.