Index

Accounting methods	Assets
Special memorandum account, 3:57	Good faith account, 5:15
Adequate collateralization	Indirect security, pledge of other assets, 9:41
Banks and other lenders illustrative transactions,	Authorization
9:46	SMA transfer, 3:55
ADRs	Banks and other lenders
Status as margin stock, 9:16	Generally, 9:1-9:81
Advances	Adequate collateralization, 9:46
Temporary advances in DVP transactions	Advances, 9:67
Exempted transactions, 9:67	Arbitrage credit, 9:58
Special purpose credit, hypothetical loans,	Arranging of credit, 9:6
9:55	Assets, 9:41
	Bank credit facilities, 9:19
Advice	Basic prohibitions
Arranging of credit, financial advice to custom-	Generally, 9:2-9:9
ers, 7:7	Arranging, 9:6
Against the box	Extensions of credit, 9:3
Margin account requirements, 3:61	Maintenance of credit, 9:5
·	Purpose statements, 9:7 Registration of nonbank lenders, 9:9
Agreements	Single-credit rule, 9:8
Margin account agreements, 3:72	Withdrawals and substitutions, 9:4
Reverse repurchase agreements, 2:26	Broker-dealers, 9:52, 9:60
American Depositary Receipts	Business combinations, 9:28
Status as margin stock, 9:16	Clearing broker-dealers, credit to, 9:60
	Collateral, 9:37 , 9:46-9:50
Anti-free-riding rule	Combinations, business, 9:28
Cash account, 4:12	Cross-defaults, 9:40
Application	Customers
Good faith account, temporary application of	Illustrative transactions, 9:15, 9:26
proceeds, 5:22	Purpose credit, 9:26
•	Purpose statement, 9:75
Arbitrage credit	De minimis amounts, 9:33
Special purpose credit, hypothetical loans, 9:58	Defaults, 9:40
Arranging of credit	Definition, 9:36
Generally, 7:1-7:11	Deposit of margin stock, 9:38
Basic prohibitions, 9:6	Direct or indirect application of proceeds, 9:25
Delivery of collateral and receipt of funds from	DVP basis, financing of securities on, 9:73
lender, 7:9	DVP transactions, 9:55 , 9:67
Financial advice to customers, 7:7	Emergency credit, 9:69
FINRA Rules, 7:11	Employee benefit plan arrangements, 9:45
Information, furnishing to lenders, 7:8	Employee benefit plan credit, 9:70-9:72
Introduction of customer to lender, 7:6	ESOP's, credit to, 9:65 , 9:72
Loans and lending, 7:18	Exempted transactions
Sutro decision, 7:5	Generally, 9:62-9:69
	Bank, credit to, 9:63
Assessable securities	Emergency credit, 9:69
Nonconventional extensions of credit, 2:25	ESOP's, credit to, 9:65

Banks and other lenders—Cont'd	Banks and other lenders—Cont'd
Exempted transactions—Cont'd	Illustrative transactions—Cont'd
Foreign banking institution, credit to, 9:63	Indirect security—Cont'd
Foreign country, credit extended outside of	Pledge of other assets, 9:41
United States, 9:64	Sale or pledge of margin stock, provisions
Plan lenders, credit to, 9:66	relating to, 9:39
Temporary advances in DVP transactions, 9:67	Shell corporations, 9:44
Transit, credit against securities in, 9:68	Installment sales, 9:20
Extension of credit	Investing in securities, entities engaged primar-
Basic prohibitions, 9:3	ily in, 9:42
Illustrative transactions, below	Joint ventures, 9:22
Foreign banking institution, credit to, 9:63	Lenders, 9:12-9:14
Foreign country, credit extended outside of United States, 9:64	Liquidation payments, 9:32 Margin stock, 9:16, 9:37
Foreign lenders, inapplicability of Regulation U,	Nonbank lenders, 9:14
9:14	Nonpurpose credit
Good faith mistake, 9:80	Generally, 9:29-9:34
Good faith nonreliance, 9:43	De minimis amounts, 9:33
Guarantees, 9:21	Liquidation payments, 9:32
Hypothetical loans. See Special Purpose Credit	Payment of taxes, 9:31
(this index)	Repurchase of stock by issuer, 9:30
Illustrative transactions	Same customer, purpose and nonpurpose
Generally, 9:10-9:51	credit to, 9:51
Adequate collateralization, 9:46	Short sales, 9:34
Bank credit facilities, 9:19	Payment of taxes, 9:31
Banks, 9:13	Pledge of other assets, 9:41
Business combinations, 9:28	Purpose credit
Cross-defaults, 9:40	Generally, 9:17-9:34
Customers, 9:15, 9:26	Business combinations, 9:28
De minimis amounts, 9:33 Definition, 9:36	Customers, nature of, 9:26
	Direct or indirect application of proceeds, 9:25
Deposit of margin stock, 9:38 Direct or indirect application of preceded 9:25	Extension of credit, above this group
Direct or indirect application of proceeds, 9:25	Nonpurpose credit, above this group
Employee benefit plan arrangements, 9:45 Extension of credit	Same customer, nonpurpose and purpose
	credit to, 9:51
Generally, 9:18-9:23	Stock, status of, 9:27
Bank credit facilities, 9:19	Regulation U, certain interpretive issues under,
Guarantees, 9:21	9:11
Installment sales, 9:20	Repurchase of stock by issuer, 9:30
Joint ventures, 9:22	Sale or pledge of margin stock, provisions
Valuation for, 9:48	relating to, 9:39
Good faith nonreliance, 9:43	Shell corporations, 9:44
Guarantees, 9:21	Short sales, 9:34
Indirect security	Stock, status of, 9:27
Generally, 9:35-9:46	Valuation of collateral, 9:47-9:50
Adequate collateralization, 9:46	Withdrawals and substitutions, valuation for,
Cross-defaults, 9:40	9:49
Definition, 9:36	Indirect application, 9:25
Deposit of margin stock, 9:38	Indirect security. Illustrative transactions, above
Employee benefit plan arrangements, 9:45	Installment sales, 9:20
Good faith nonreliance, 9:43	Intraday credit, 9:57
Investing in securities, entities engaged primarily in, 9:42	Investing in securities, entities engaged primarily in, 9:42
Margin stock collateral for another credit,	Joint ventures, 9:22
9:37	Liquidation payments, 9:32

Banks and other lenders—Cont'd Maintenance of credit, 9:5	Banks and other lenders—Cont'd Transit, credit against securities in, 9:68
Margin stock, 9:16, 9:37-9:39	Transit or transfer, credit for securities in, 9:56
Market maker and underwriter credit, 9:59	Underwriter credit, 9:59
Mistake, 9:80	Valuation of collateral, 9:47-9:50
Nonpurpose credit. Illustrative transactions, above	Withdrawals and substitutions, 9:4 , 9:49
Nonreliance, 9:43	Basic prohibitions
Payments, 9:31, 9:32	New issues of securities, 8:2
Plan lenders, 9:66, 9:71	Bona fide arbitrage
Pledges, 9:39, 9:41	Good faith account, 5:25
Proceeds, 9:25	Borrowers
Protection of lender, actions for, 9:79	Generally, 10:1-10:4
Purpose credit	Broker-dealers, credit to, 6:2
Illustrative transactions, above	Exempted Borrowers (this index)
Special purpose credit. See Special Purpose	Foreign countries, credit obtained in, 10:3
Credit (this index)	Lending and borrowing. Loans (this index)
Purpose statement	Regulation X, 10:2
Generally, 9:74-9:80	Regulations, generally, 10:1-10:4
Basic prohibitions, 9:7 Contents, 9:77	United States, credit obtained within, 10:4
Customer, 9:75	
Good faith mistake, 9:80	Borrowing of cash
Necessity for obtaining, 9:76	Margin account, 3:24
Protection of lender, actions for, 9:79	Broker-dealers
Transfers of credit, 9:78	Generally, 1:1-1:10
Registration of nonbank lenders, 9:9	Broker-dealer affiliates defined, 2:16
Regulation U	Capital contribution loans, 6:8
Generally, 9:73	Clearing broker-dealers, credit to, 9:60
DVP basis, financing of securities on, 9:73	Contribution, capital contribution loans, 6:8
Foreign lenders, inapplicability, 9:14	Credit resources, regulation of, 1:4
Illustrative transactions, 9:11	Credit to
Regulations, generally, 9:1-9:81	Generally, 6:1-6:11
Repurchase of stock by issuer, 9:30	Account, generally, 6:4-6:11
Sale or pledge of margin stock, provisions relat-	Banks and other lenders, 9:52
ing to, 9:39	Borrowers, exempted, 6:2 Finance market making and underwriting
Sarbanes-Oxley Act, 9:81	activities, credit to, 6:3
Shell corporations, 9:44	NSMIA exemptions, 6:2 , 6:3
Short sales, 9:34	Definitions, broker-dealer affiliates, 2:16
Single-credit rule, 9:8	DVP credit, 6:6
Stock, illustrative transactions	Emergency and subordinated loans, 6:9
Indirect security	FINRA Rule 4210, 1:9, 6:11
Deposit of margin stock, 9:38	Investor protection, 1:6
Margin stock collateral for another credit,	JBO credit, 6:7
9:37	Loans, 6:8, 6:9
Sale or pledge of margin stock, provisions	Market protection, 1:5
relating to, 9:39	New issues of securities, special issues under
Nonpurpose credit, 9:30	Section 11(d)(1), 8:3
Purpose credit, 9:27	Omnibus credit, 6:5
Substitutions, 9:4 , 9:49	Regulation T, generally, 1:3-1:8
Taxes, 9:31	Special purpose credit, 6:10
Temporary advances in DVP transactions, 9:55 , 9:67	Subordinated loans, 6:9
Transfer, credit for securities in, 9:56	Business combinations
Transfers of credit, 9:78	Illustrative transactions, 9:28

Calls

Margin account, record of margin calls, 3:76

Cancellation

Cash account, 4:10, 4:11

Capital contribution loans

Broker-dealers, 6:8

Cash

Margin account withdrawals, 3:36

Cash account

Generally, **4:1-4:17**

Anti-free-riding rule, 4:12

Cancel or liquidate, obligation to, 4:10, 4:11

COD transactions, 4:6

Delivery of securities, 4:9, 4:11

Distributed securities. 4:5

DVP or COD transactions, 4:6

Exempted securities and mortgage related securities, **4:14**

Extension of time periods, 4:13

FINRA Rule 4210, 4:17

Foreign securities, 4:7

Liquidate, obligation to, 4:10, 4:11

Mortgage related securities, **4:14**

Ninety-day freeze, 4:12

Options, 4:15, 4:16

Payment, failure to make, 4:10

Payment, required periods of, generally, 4:3-4:8

Permissible transactions, 4:2

Purchase and exercise of options, 4:16

Required period for delivery of securities, 4:9

Required period of payment, generally, 4:3-4:8

Time periods, extension of, 4:13

When-distributed securities, 4:5

When-issued securities, 4:5

Writing of options, 4:15

Cash withdrawals

See Margin Account (this index)

Civil liability

Generally, 11:1, 11:6-11:10

Cort v. Ash case law

Post-Section 7(f), 11:8

Pre-Section 7(f), 11:7

Margin rules, 11:10

Post-Section 7(f), Cort v. Ash case law, 11:8

Pre-Section 7(f), Cort v. Ash case law, 11:7

SRO margin rules, 11:10

Tender offer cases, 11:9

Clearing broker-dealers

Special purpose credit, hypothetical loans, 9:60

Clearing counterparties

Security-based swap, FINRA Rule 4240, 7:25

COD transactions

Cash account, 4:6

Collateral

Arranging of credit, 7:9

Illustrative transactions

Indirect security

Adequate collateralization, **9:46**

Margin stock collateral for another credit,

9:37

Valuation of collateral, 9:47-9:50

Combination of accounts

Margin account, FINRA Rule 4210 requirements,

3:34

Combinations, business

Illustrative transactions, purpose credit, 9:28

Commission enforcement

Generally, 11:3

Commodities and futures

Good faith account, 5:7

Completion of participation in distribution

New issues of securities, special issues under

Section 11(d)(1), 8:7

Consolidation of accounts

See Margin Account (this index)

Contribution

Broker-dealers, capital contribution loans, **6:8**

Control securities

Margin account, exceptions to FINRA Rule

4210(c) maintenance requirements, 3:44

Conventional broker-dealers

Defined, 2:3

Conventional extension of credit-margin loans

See Extension of Credit (this index)

Convertible debt securities

Margin account, 3:13

Corporate financing

See Good Faith Account (this index)

Cort v. Ash

Civil liability

Post-Section 7(f), 11:8

Pre-Section 7(f), **11:7**

Counterparty credit risk

Security-based swap, FINRA Rule 4240, 7:25

Covered options

Margin account options, 3:66

Credit default swap (CDS)

Interim pilot program, 7:25

Credit default swap (CDS)—Cont'd

Net capital charge, **7:25** Rule 4240, **7:25**

Credit resources

Broker-dealer credit regulation, 1:4

Credit risk

Security-based swap, counterparty credit risk, 7:25

Credit-margin loans

See Extension of Credit (this index)

Creditor

Conventional broker-dealers defined, **2:3** Defined

Generally, 2:2-2:10

Conventional broker-dealers, 2:3

Exclusions from regulation T, 2:8-2:10

Foreign branches of U.S. broker-dealers, 2:9

Foreign broker-dealers, 2:7

Government securities broker-dealers, 2:8

Natural persons associated with broker-dealers, 2:4

Noncontrolled affiliates of broker-dealers, 2:6

OTC derivatives dealers, 2:10

Subsidiaries and other controlled entities of broker-dealers, 2:5

Exclusions from regulation T defined, 2:8-2:10

Foreign branches of U.S. broker-dealers defined, **2:9**

Foreign broker-dealers defined, 2:7

Government securities broker-dealers defined,

Natural persons associated with broker-dealers defined, **2:4**

Noncontrolled affiliates of broker-dealers defined, **2:6**

OTC derivatives dealers defined, 2:10

Regulation T defined, 2:8-2:10

Subsidiaries and other controlled entities of broker-dealers defined, 2:5

Credits

Margin account, periodic credits, 3:28

Criminal prosecutions

Enforcement, 11:5

Cross-defaults

Illustrative transactions, indirect security, 9:40

Customers

Arranging of credit, 7:6, 7:7

Broker-dealer affiliates defined, 2:16

Defined

Generally, 2:11-2:16

Broker-dealer affiliates, 2:16

Exempted borrowers, 2:12, 2:13

Customers—Cont'd

Defined—Cont'd

FINRA Rule 4210 defined, 2:14

Joint ventures and partnerships, 2:15

Exempted borrowers defined, 2:12, 2:13

FINRA Rule 4210 defined, 2:14

Illustrative transactions, 9:15, 9:26

Joint ventures and partnerships defined, 2:15

Purpose statement, 9:75

Day trading

Exceptions to FINRA Rule 4210(c) maintenance requirements, **3:47**

Regulation T, withdrawals of cash and securities, 3:26

De minimis amounts

Illustrative transactions, nonpurpose credit, 9:33

De minimis rule

Good faith account, 5:21

Debits

Regulation T, periodic debits, 3:27

Debt securities

Convertible debt securities, 3:13

Highly rated foreign sovereign debt securities, obligations of, **3:40**

Nonconventional extensions of credit, 2:28

Deep-in-the-money options

Nonconventional extensions of credit, 2:24

Defaults

Cross-defaults, illustrative transactions, 9:40

Deferred payment or delivery

Definitions, 2:19

Definitions

See also Creditor; Customers; Extension of Credit (this index)

Generally, 2:1-2:30

Indirectly secured, 9:36

Short call. 3:65

Short put, **3:65**

Delivery

Arranging of credit, delivery of collateral and receipt of funds from lender, **7:9**

Cash account

Failure to deliver security, 4:11

Required period for delivery of securities, 4:9

Deferred payment or delivery, 2:19

Deposits

Illustrative transactions, deposit of margin stock, 9:38

New securities transactions, margin deposit and liquidation requirements, **3:48**

Deposits-Cont'd

Regulation T, margin deposit requirements, 3:20

Determination of purpose of credit

Good faith account, 5:19-5:22

Direct or indirect application of proceeds

Illustrative transactions, purpose credit, 9:25

Disclosure and suitability

Margin account, 3:74

Distribution

Cash account, when-issued and when-distributed securities, **4:5**

New issues of securities, participation in distribution, **8:4**, **8:7**

Dividends

Margin account, special memorandum account, 3:51

DVP basis

Regulation U, financing of securities, 9:73

DVP credit

Broker-dealers, 6:6

DVP transactions

Cash account, 4:6

Temporary advances in DVP transactions, **9:55**, **9:67**

Emergency and subordinated loans

Broker-dealers, 6:9

Emergency credit

Exempted transactions, 9:69

Employee benefit plan arrangements

Illustrative transactions, indirect security, 9:45

Employee benefit plan credit

Banks and other lenders, 9:70-9:72

Employee benefit plans

Margin account, 3:73

Employee stock ownership plans

Good faith account, 5:17

Enforcement

Generally, 11:1-11:5

Commission enforcement, 11:3

Criminal prosecutions, 11:5

SRO enforcement, 11:4

ESOP's

Banks and other lenders, generally, 9:72

Exempted transactions, 9:65

Exchange Act Section 29(b)

Generally, 11:11

Exchange-traded options

Margin account, short positions in options, 3:68

Exchange-traded securities

Margin-eligible securities, 3:8

Exclusions

Regulation T exclusions defined, 2:8-2:10

Exempted borrowers

Customer defined, 2:12, 2:13

Loans and lending, 7:17

Exempted securities

Cash account, 4:14

Margin-eligible securities, 3:3-3:6

Exempted transactions

See Banks and Other Lenders (this index)

Exemptions

NSMIA exemptions, 6:2, 6:3

Exemptive Orders

New issues of securities, 8:14

Exemptive rules

See **New Issues of Securities** (this index)

Expenses

Good faith account, financing of noninvestment expenses, 5:11

Extension of credit

See also Banks and Other Lenders (this index)

Assessable securities, 2:25

Banks. See Banks and Other Lenders (this

index)

Basic prohibitions, 9:3

Conventional extensions of credit-margin loans.

Definitions, below

Credit-margin loans. Definitions, below

Debt securities, purchase of, 2:28

Deep-in-the-money options, 2:24

Deferred payment or delivery defined, 2:19

Definitions

Generally, 2:17-2:30

Assessable securities, 2:25

Conventional extensions of credit-margin loans

Generally, 2:18-2:21

Deferred payment or delivery, 2:19

Guarantees, 2:21

Short sales, 2:20

Debt securities, purchase of, 2:28

Deep-in-the-money options, 2:24

Deferred payment or delivery, 2:19

Guarantees, 2:21

Holding of collateral to secure debt to third

party, 2:30

Joint venture or partnership arrangements, 2:23

Extension of credit—Cont'd	FINRA Rules
Definitions—Cont'd Nonconventional extensions of credit	Arranging of credit, 7:11 FINRA Rule 4210. See FINRA Rule 4210 (this
Generally, 2:22-2:30	index)
Assessable securities, 2:25	,
Debt securities, purchase of, 2:28	FINRA Rule 4210
Deep-in-the-money options, 2:24	Generally, 1:9 Broker-dealer credit regulation, 1:9
Holding of collateral to secure debt to third	Broker-dealers, 6:11
party, 2:30	Cash account, 4:17
Joint venture or partnership arrangements, 2:23	Customer defined, 2:14
Parking of securities on behalf of customer, 2:30	Exceptions to maintenance requirements, 3:39- 3:47
Preferred stock, purchase of, 2:29	Foreign sovereign debt securities, 3:40
Reverse repurchase agreements, 2:26	Good faith account, 5:5, 5:24
Swap transactions, 2:27 Warrants, 2:25	Highly rated foreign sovereign debt securities, 3:40
Parking of securities on behalf of customer,	Illiquid or volatile securities, 3:45
2:30	Illustrative transactions, 3:38
Preferred stock, purchase of, 2:29	Long position, 3:39
Reverse repurchase agreements, 2:26	Low-priced securities, 3:45
Short sales, 2:20	Margin account requirements, 3:33-3:48 , 3:56 New securities transactions, 3:38-3:47
Swap transactions, 2:27 Warrants, 2:25	SMA, 3:56
Delivery, deferred, 2:19	Foreign banking institution
Guarantees defined, 2:21	Exempted transactions, 9:63
Holding of collateral to secure debt to third party, 2:30	Foreign branches of U.S. broker-dealers
Joint venture or partnership arrangements, 2:23	Definitions, 2:9
Nonconventional extensions of credit. Definitions, above	Foreign broker-dealers
Parking of securities on behalf of customer, 2:30	Definitions, 2:7
Partnership arrangements, 2:23	Foreign countries
Payment, deferred, 2:19 Preferred stock, purchase of, 2:29	Borrowers, foreign countries as, 10:3
Repurchase agreements, 2:26	Exempted transactions, 9:64
Reverse repurchase agreements, 2:26	Foreign currency
Short sales defined, 2:20	Margin account, 3:78
Stock, purchase of preferred stock, 2:29	
Swap transactions, 2:27	Foreign exchange
Valuation for extensions of credit, illustrative	Good faith account, 5:8
transactions, 9:48	Foreign lenders
Warrants, 2:25	Inapplicability of Regulation M, 9:14
Extension of time periods	Foreign margin stocks
Cash account, 4:13	Margin-eligible securities, 3:12
Finance market	
Broker-dealers, credit to, 6:3	Foreign securities
	Cash account, 4:7
Finance subsidiaries	Loans and lending, 7:16
Good faith account, 5:16	Foreign sovereign debt securities
Financial advice	Exceptions to FINRA Rule 4210(c) maintenance
Arranging of credit, 7:7	requirements, 3:40
Financing	Form FR T-4
See Good Faith Account (this index)	Good faith account, 5:23

Freeze out mergers

Good faith account, 5:14

Futures

Generally, **7:20-7:23**Basic requirements, **7:22**Good faith account, **5:7**Joint rules, scope, **7:21**

Self-regulatory authority margin rules, 7:23

Good faith account

Generally, 5:1-5:26

Asset acquisitions, transactions that are in substance asset acquisitions, **5:15**

Bona fide arbitrage, **5:25** Commodities and futures, **5:7** Corporate financing Generally, **5:12-5:18**

Asset acquisitions, transactions that are in substance asset acquisitions, **5:15**

Employee stock ownership plans, 5:17

Finance subsidiaries, **5:16**Freeze out mergers, **5:14**Retirement of securities, **5:13**

Credit, determination of purpose of, **5:19-5:22**

Credit, nonpurpose, generally, 5:6-5:24

De minimis rule, 5:21

Determination of purpose of credit, **5:19-5:22**

Employee stock ownership plans, 5:17

Expenses, financing of noninvestment expenses, 5:11

Finance subsidiaries, 5:16

Financing

Corporate financing, above Noninvestment expenses, 5:11 Nonsecurities investments, 5:7-5:10

FINRA Rule 4210, **5:5**, **5:24** Foreign exchange, **5:8** Form FR T-4, **5:23**

Freeze out mergers, 5:14

Futures, 5:7

Good faith margin securities, transactions in, **5:2- 5:5**

Mergers, freeze out mergers, **5:14** Money market instruments, **5:10**

Noninvestment expenses, financing of, 5:11

Nonpurpose credit, generally, **5:6-5:24**Nonsecurities investments, financing of, **5:7-5:10**

Permitted transactions, **5:3**Prime brokerage, **5:26**

Proceeds, 5:20, 5:22

Purpose of credit, determination of, 5:19-5:22

Real estate, **5:9** Required margin, **5:4**

Retirement of securities, 5:13

Segregation or tracing of proceeds, 5:20

Good faith account—Cont'd

Stock, employee stock ownership plans, 5:17

Subsidiaries, 5:16

Temporary application of proceeds, 5:22

Tracing of proceeds, 5:20

Transactions in good faith margin securities, 5:2-5:5

Good faith margin securities

Transactions in. 5:2-5:5

Good faith mistake

Margin account, **3:77** Purpose statement, **9:80**

Good faith nonreliance

Illustrative transactions, indirect security, 9:43

Government securities

Broker-dealers defined, **2:8** Margin-eligible securities, **3:4**

Group selling

New issues of securities, special issues under Section 11(d)(1), **8:5**

Guarantees

Extension of credit

Defined, **2:21**

Illustrative transactions, 9:21

Hedging strategies

Margin account options, 3:71

Highly rated foreign sovereign debt securities

Exceptions to FINRA Rule 4210(c) maintenance requirements, **3:40**

Holding of collateral

Nonconventional extension of credit, 2:30

Hypothetical loans

See Banks and Other Lenders (this index)

Illiquid or volatile securities

Exceptions to FINRA Rule 4210(c), illiquid securities, **3:45**

Illustrative transactions

Banks. See **Banks and Other Lenders** (this index)

FINRA Rule 4210, 3:38

Short sales, 3:19

SMA, 3:58

Withdrawals, 3:31

Indirect application

Illustrative transactions, purpose credit, 9:25

Indirect security

See Banks and Other Lenders (this index)

In-house margin requirements

Generally, 3:59

Initial coin offerings

Margin-eligible securities, 3:9.50

Initial margin requirements

Exceptions to FINRA Rule 4210(c) maintenance requirements, **3:46**

Installment sales

Illustrative transactions, extension of credit, 9:20

Interest on money

Special memorandum account, permissible SMA transactions, **3:51**

Intraday credit

Special purpose credit, hypothetical loans, 9:57

Investment company shares

Margin-eligible securities, 3:11

Investor protection

Broker-dealer credit regulation, 1:6

JBO credit

Broker-dealers, 6:7

Joint ventures

Customer defined, 2:15

Illustrative transactions, extension of credit, **9:22** Nonconventional extensions of credit, **2:23**

Liquidation

Cash account, 4:10, 4:11

Exceptions to FINRA Rule 4210(c), illiquid securities, **3:45**

New securities transactions, 3:21, 3:48

Regulation T, 3:21

Liquidation payments

Illustrative transactions, nonpurpose credit, 9:32

Loans

Borrowing and lending

generally, 7:12-7:18

arranging of credit, 7:18

exempted borrowers, 7:17

foreign securities, 7:16

proper purpose, **7:15-7:17**

Rule 15c3-3, 7:19

Capital contribution loans, 6:8

Emergency and subordinated loans, 6:9

Long position

Exceptions to FINRA Rule 4210(c) maintenance

requirements, 3:39

Margin account options, 3:63

Regulation T, 3:17

Long sale

Regulation T, 3:25

Special memorandum account, 3:52

Low-priced securities

Exceptions to FINRA Rule 4210(c) maintenance

requirements, 3:45

Maintenance of credit Basic prohibitions, 9:5

Regulation T, 3:32

Maintenance requirements

Exceptions to FINRA Rule 4210(c) maintenance

requirements, 3:46

New securities transactions, 3:37

Margin account

Generally, 3:1-3:79

Accounting methods, 3:57

Against the box, 3:61

Agreements, 3:72

Authorization of SMA transfer, 3:55

Borrowing of cash, 3:24

Calls, 3:76

Cash withdrawals

New securities transactions, 3:36

Regulation T, below

Combination of accounts, FINRA Rule 4210

requirements, 3:34

Consolidation of accounts. Regulation T, infra

Control securities, 3:44

Convertible debt securities, 3:13

Covered options, 3:66

Day trading, 3:26, 3:47

Debits, 3:27

Debt securities, 3:13, 3:40

Definition of short call and short put, 3:65

Deposits, 3:20, 3:48

Disclosure and suitability, 3:74

Dividend and interest payments, permissible

SMA transactions, 3:51

Employee benefit plans, 3:73

Exceptions to FINRA Rule 4210(c) maintenance requirements. New securities transactions,

infra

Exchange-traded options, **3:68**

Exchange-traded securities, 3:8

Exempted securities, **3:3-3:6**

FINRA Rule 4210, 3:33, 3:34, 3:38, 3:56

Foreign currency, 3:78

Foreign margin stocks, 3:12

Foreign sovereign debt securities, 3:40

Good faith mistakes, 3:77

Government securities as exempted securities,

3:4

Hedging strategies, **3:71**

Alargin account—Cont'd	Margin account—Cont'd
Highly rated foreign sovereign debt securities,	New securities transactions
obligations of, 3:40	Generally, 3:35-3:48
Illiquid, volatile, or low-priced securities, 3:45	Day trading, 3:47
In-house margin requirements, 3:59	Exceptions to FINRA Rule 4210(c) mainte-
Initial coin offerings, 3:9.50	nance requirements
Initial margin requirements, 3:46	Generally, 3:39-3:47
Interest payments, 3:51	Day trading, 3:47
Investment company shares, 3:11	Highly rated foreign sovereign debt securi-
Liquidation requirements, 3:21, 3:48	ties, obligations of, 3:40
Long positions, 3:17 , 3:39	Illiquid or volatile securities, 3:45
Long positions in options, 3:63	Low-priced securities, 3:45
Long sale, 3:25, 3:52	Nonequity securities, 3:42
Low-priced securities, 3:45	Non-margin eligible equity securities, 3:45.50
Maintenance margin requirements, 3:46	Offsetting long and short positions, 3:39
Maintenance of credit, 3:32	Shelf-registered, control, and restricted secu-
Maintenance requirements, 3:37, 3:46	rities, 3:44
Margin account agreements, 3:72	Special initial and maintenance margin
Margin deposit requirements, 3:20, 3:48	requirements, 3:46
Margin excess, permissible SMA transactions, 3:53	Transactions with exempt accounts, 3:43
	United States, obligations of, 3:40
Margin release on short cover, permissible SMA transactions, 3:52	FINRA Rule 4210, 3:38 et seq.
Margin securities. Margin-eligible securities,	Highly rated foreign sovereign debt securities,
infra	obligations of, 3:40
Margin-eligible securities	Illiquid or volatile securities, 3:45
Generally, 3:2-3:14	Low-priced securities, 3:45
Convertible debt securities, 3:13	Maintenance requirements, 3:37
Exchange-traded securities, 3:8	Margin deposit and liquidation requirements,
Exempted securities, 3:3-3:6	3:48
Foreign margin stocks, 3:12	Nonequity securities, 3:42
Government securities as exempted securities,	Non-margin eligible equity securities, 3:45.50
3:4	Offsetting long and short positions, 3:39
Initial coin offerings, 3:9.50	Regulation T, infra
Investment company shares, 3:11	Requirements, generally, 3:35-3:48
Margin securities	Shelf-registered, control, and restricted securi-
Generally, 3:7-3:14	ties, 3:44
Convertible debt securities, 3:13	Special initial and maintenance margin
Exchange-traded securities, 3:8	requirements, 3:46
Foreign margin stocks, 3:12	Transactions with exempt accounts, 3:43
Initial coin offerings, 3:9.50	United States, obligations of, 3:40
Investment company shares, 3:11	Withdrawals of cash and securities, 3:36
Nonequity securities, 3:10	Nonequity securities, 3:10, 3:39.50-3:43
OTC stocks, 3:9	Non-margin eligible equity securities, 3:45.50
Required margin for margin securities, 3:14	Offsetting long and short positions, 3:39
	Options. See Options (this index) OTC options, 3:69
Municipal securities as exempted securities, 3:5	OTC options, 3:09
Nonequity securities, 3:10	Payments, 3:51
OTC stocks, 3:9	Periodic credits, 3:28
	Periodic debits, 3:27
Required margin for exempted securities, 3:6	Proceeds, 3:25, 3:52
Required margin for margin securities, 3:14	Record of margin calls, 3:76
Memorandum account. Special memorandum account, infra	Registration, 3:44
Mistakes, 3:77	Regulation T
Municipal securities as exempted securities, 3:5	Generally, 3:15-3:32
within that securities as exempted securities, 5:5	Ochciany, 3.13-3.34

Margin account—Cont'd	Margin account—Cont'd
Regulation T—Cont'd	Short cover, 3:52
Borrowing of cash, 3:24	Short positions. See Short Positions (this index)
Consolidation of accounts, generally, 3:15- 3:32	Short put, 3:65
Day trading, 3:26	Short sales, 3:18 , 3:19 , 3:61
Liquidation requirements, 3:21	Single margin accounts. Regulation T, above
	SMA. Special memorandum account, below
Long positions, 3:17	Special initial and maintenance margin require-
Long sale, 3:25	ments, 3:46
Maintenance of credit, 3:32	Special memorandum account
Margin deposit requirements, 3:20 New securities transactions	Generally, 3:49-3:58
	Accounting methods, 3:57
Generally, 3:16-3:21	Authorization of SMA transfer, 3:55
Liquidation requirements, 3:21	Dividend and interest payments, permissible
Long positions, 3:17	SMA transactions, 3:51
Margin deposit requirements, 3:20	Margin excess, permissible SMA transactions, 3:53
Short sales, 3:18 , 3:19	
Periodic credits, 3:28	Margin release on short cover, permissible SMA transactions, 3:52
Periodic debits, 3:27	Permissible SMA transactions, 3:51-3:54
Release of margin on cover of short position,	Proceeds of long sale, permissible SMA
3:25	transactions, 3:52
Release of proceeds of long sale, 3:25	Regulation T, 3:30
Short position, 3:25	SMA provisions, 3:50
Short sales, 3:18, 3:19	SMA under FINRA Rule 4210, 3:56
Single margin accounts, generally, 3:15-3:32	Stocks, 3:9, 3:12
Special memorandum account, transfers to,	Suitability, 3:74
3:30 Transfers to amosis! mamorandum account	Transactions with exempt accounts, 3:43
Transfers to special memorandum account, 3:30	Transfers, 3:30, 3:55, 3:75
Withdrawals of cash and securities	Uncovered options, 3:67-3:70
Generally, 3:22-3:31	United States, obligations of, 3:40
Borrowing of cash, 3:24	Volatile securities, 3:45
Day trading, 3:26	When-issued securities, 3:60
Periodic credits, 3:28	Withdrawals
Periodic debits, 3:27	New securities transactions, 3:36
Release of margin on cover of short posi-	Regulation T, above
tion, 3:25	•
Release of proceeds of long sale, 3:25	Margin account agreements
Special memorandum account, transfers to,	Generally, 3:72
3:30 Transfers to amorial magneton dum account	Margin deposits
Transfers to special memorandum account, 3:30	New securities transactions, 3:20, 3:48
Release, 3:25 , 3:52	Regulation T, 3:20
Requirements	
In-house margin requirements, 3:59	Margin excess
Margin-eligible securities, 3:6, 3:14	Special memorandum account, 3:53
New securities transactions, above	Margin release
Options. See Options (this index)	Special memorandum account, 3:52
Regulation T, above	Special memorandum account, 5.32
Short sales against the box, 3:61	Margin rules
When-issued securities, 3:60	Civil liability, SRO margin rules, 11:10
Restricted securities, 3:44	•
Sarbanes-Oxley Act of 2002, 3:79	Margin securities
Shelf-registered, control, and restricted securities,	See Margin Account (this index)
3:44	Margin stock
Short call, 3:65	Illustrative transactions, 9:16, 9:38, 9:39
DIDIT CHIL COU	111000000 10 000000000000, J. 10, J. 10, J. J. J.

New issues of securities—Cont'd Margin stock collateral for another credit Section 11(d)(1), special issues under, 8:6 Illustrative transactions, 9:37 —Cont'd Margin-eligible securities Broker-dealer, 8:3 See Margin Account (this index) Completion of participation in distribution, 8:7 New issue, generally, 8:6 Market maker credit Participation in distribution, 8:4 Special purpose credit, hypothetical loans, 9:59 Syndicate or group selling, 8:5 Market protection Syndicate or group selling, 8:5 Broker-dealer credit regulation, 1:5 New securities transactions Memorandum account See Margin Account (this index) See Margin Account (this index) Ninety-day freeze Mergers Cash account, 4:12 Good faith account, 5:14 Noncontrolled affiliates of broker-dealers Mistakes Creditor defined, 2:6 Good faith mistakes, 3:77, 9:80 Nonconventional extensions of credit Money market instruments See Extension of Credit (this index) Good faith account, 5:10 **Nonequity securities** Mortgage related securities Exceptions to FINRA Rule 4210(c) maintenance Exempted securities and mortgage related securirequirements, 3:42 ties, 4:14 Margin account, 3:10, 3:39.50-3:43 **Municipal securities** Noninvestment expenses Margin-eligible securities, 3:5 Good faith account, 5:11 Natural persons Non-margin eligible equity securities Creditor defined, 2:4 Margin account, 3:45.50 Net capital charge Nonpurpose credit Security-based swap, 7:25 Banks. See Banks and Other Lenders (this New issues of securities index) Generally, 8:1-8:14 Good faint account. See Good Faith Account Basic prohibitions, 8:2 (this index) Broker-dealer, special issues under Section Illustrative transactions, 9:51 11(d)(1), **8:3** Nonreliance Completion of participation in distribution, 8:7 Illustrative transactions, good faith nonreliance, Distribution, participation in, 8:4, 8:7 9.43 Exemptive Orders under Section 11(d)(1), 8:14 Exemptive rules **Nonsecurities investments** Generally, 8:8-8:12 Good faith account, 5:7-5:10 Rule 11d1-1(a), 8:9 **NSMIA** exemptions Rule 11d1-1(c), 8:10 Broker-dealers, credit to, 6:2, 6:3 Rule 11d1-1(e), 8:11 Rule 11d1-2, 8:12 **NYSE Rule 431** Group selling, 8:5 Portfolio margining, 7:24 Participation in distribution, 8:4, 8:7 Prime brokerage, 8:13 Offsetting long and short positions Rule 11d1-1(a), 8:9 Exceptions to FINRA Rule 4210(c) maintenance requirements, 3:39 Rule 11d1-1(c), 8:10 Rule 11d1-1(e), 8:11

Omnibus credit

Options

Broker-dealers, 6:5

Cash account, 4:15, 4:16

Rule 11d1-2, 8:12

Generally, 8:3-8:7

Section 11(d)(1), Exemptive Orders under, 8:14 Section 11(d)(1), special issues under, 8:6

Portfolio margining

NYSE Rule 431, 7:24

Options-Cont'd Preferred stock Margin account Nonconventional extensions of credit, 2:29 Generally, 3:62-3:71 Prime brokerage Covered options, 3:66 Good faith account, 5:26 Definition of short call and short put, 3:65 New issues of securities, 8:13 Exchange-traded options, 3:68 Hedging strategies, 3:71 Private right of action Long positions in options, **3:63** See Civil Liability (this index) OTC options, 3:69 **Proceeds** Short positions in options. See **Short Positions** Direct or indirect application of proceeds, 9:25 (this index) Good faith account, 5:20, 5:22 Uncovered options, 3:67-3:70 Regulation T, 3:25 OTC options. See **OTC Options** (this index) Special memorandum account, 3:52 **OTC** derivatives dealers **Protection of lender** Creditor defined, 2:10 Purpose statement, 9:79 **OTC** options Purpose credit Not margin stock, 9:16 See Banks and Other Lenders (this index) Short positions in options, **3:69** Purpose of credit OTC stocks Good faith account, 5:19-5:22 Margin-eligible securities, **3:9** Parking of securities **Purpose statement** Nonconventional extension of credit, 2:30 See Banks and Other Lenders (this index) Participation in distribution Real estate Section 11(d)(1), special issues under, 8:4, 8:7 Good faith account, 5:9 **Partnerships** Receipt of funds Customer defined, 2:15 Arranging of credit, 7:9 Nonconventional extensions of credit, 2:23 Records and recording **Payments** Margin calls, 3:76 Cash account. See Cash Account (this index) Registration Deferred payment or delivery, 2:19 Nonbank lenders, 9:9 Dividend and interest payments, permissible Shelf-registered, control, and restricted securities, SMA transactions, 3:51 3:44 Liquidation payments, 9:32 Tax payments, 9:31 Regulation T Periodic credits Generally, 1:3-1:8 Regulation T, 3:28 See also Broker-Dealer Credit Regulation (this index) Periodic debits Creditor defined, 2:8-2:10 Regulation T, 3:27 Margin accounts. See Margin Account (this Pilot program Credit default swap (CDS), FINRA Rule 4240, Regulation U 7:25 See Banks and Other Lenders (this index) Plan lenders Regulation X Employee benefit plan credit, 9:71 Borrowers, 10:2 Exempted transactions, 9:66 Release **Pledge** Regulation T, 3:25 Illustrative transactions, indirect security, 9:39, Special memorandum account, 3:52

Repurchase agreements

Reverse repurchase agreements, 2:26

Short positions—Cont'd

Margin account—Cont'd Illustrative transactions, nonpurpose credit, 9:30 Options—Cont'd **Restricted securities** Covered options, 3:66 Exceptions to FINRA Rule 4210(c) maintenance Definition of short call and short put, 3:65 requirements, 3:44 Exchange-traded options, 3:68 **Retirement of securities** General principles, 3:70 Good faith account, 5:13 OTC options, 3:69 Uncovered options, 3:67-3:70 Reverse repurchase agreements Options. Margin account, above Nonconventional extensions of credit, 2:26 Short put Rule 11d1-1(a) Margin account options, 3:65 Generally, 8:9 Short sales Rule 11d1-1(c) Banks and other lenders, illustrative transactions, Generally, 8:10 nonpurpose credit, 9:34 Extension of credit Rule 11d1-1(e) Conventional extensions of credit-margin Generally, 8:11 loans, defined, 2:20 Rule 11d1-2 Defined, 2:20 Generally, 8:12 Illustrative transactions, 3:19 Margin account, Regulation T, new securities **Rule 4240** transactions, 3:18, 3:19 Security-based swap, 7:25 Short sales against the box Sarbanes-Oxley Act Margin account requirements, 3:61 Banks and other lenders, 9:81 Regulation U issues, 9:81 Single margin accounts See Margin Account (this index) Sarbanes-Oxley Act of 2002 Margin account, 3:79 Single-credit rule Basic prohibitions, 9:8 Section 11(d)(1)See New Issues of Securities (this index) See Margin Account (this index) **Security-based swap** Rule 4240, 7:25 **Special initial requirements** Exceptions to FINRA Rule 4210(c) maintenance Segregation of proceeds requirements, 3:46 Good faith account, 5:20 Special memorandum account **Shelf-registered securities** See Margin Account (this index) Exceptions to FINRA Rule 4210(c) maintenance requirements, 3:44 Special purpose credit Banks and other lenders Shell corporations Generally, 9:53-9:61 Illustrative transactions, indirect security, 9:44 Arbitrage credit, hypothetical loans, 9:58 Short call Clearing broker-dealers, credit to, 9:60 Margin account options, 3:65 Hypothetical loans Generally, 9:54-9:61 **Short cover** Arbitrage credit, 9:58 Special memorandum account, 3:52 Clearing broker-dealers, credit to, 9:60 **Short positions** Intraday credit, 9:57 Exceptions to FINRA Rule 4210(c) maintenance Market maker and underwriter credit, 9:59 requirements, 3:39 Temporary advances in DVP transactions, Margin account 9:55 Generally, 3:25, 3:39 Transit or transfer, credit for securities in, 9:56 **Options** Generally, 3:64-3:70 Intraday credit, 9:57

Repurchase of stock

Special purpose credit—Cont'd

Banks and other lenders—Cont'd

Market maker and underwriter credit, 9:59

Temporary advances in DVP transactions, 9:55 Transit or transfer, credit for securities in, 9:56

Broker-dealers, 6:10

SRO enforcement

Generally, 11:4

SRO margin rules

Civil liability, 11:10

Stock

Banks and other lenders, illustrative transactions

Indirect security, 9:37-9:39

Nonpurpose credit, 9:30

Purpose credit, 9:27

Employee stock ownership plans, 5:17

Foreign margin stocks, 3:12

Nonconventional extensions of credit, 2:29

OTC stocks, 3:9

Subordinated loans

Broker-dealers, 6:9

Subsidiaries

Creditor defined, 2:5

Good faith account, 5:16

Substitutions

Basic prohibitions, 9:4

Illustrative transactions, 9:49

Suitability

Margin account, 3:74

Sutro decision

Arranging of credit, 7:5

Swap transactions

Nonconventional extensions of credit, 2:27

Syndicate

Section 11(d)(1), special issues under, 8:5

Taxation

Nonpurpose credit, payment of taxes, 9:31

Temporary advances

DVP transactions, 9:55, 9:67

Temporary application of proceeds

Good faith account, 5:22

Tender offer cases

Civil liability, 11:9

Time

Cash account, extension of time periods, 4:13

Tracing proceeds

Good faith account, 5:20

Transfers

Margin account, 3:75

Purpose statement, 9:78

Special memorandum account, 3:30, 3:55

Special purpose credit, hypothetical loans, 9:56

Transit, securities in

Exempted transactions, 9:68

Uncovered options

Margin account options, 3:67-3:70

Underwriters and underwriting

Broker-dealers, credit to, 6:3

Special purpose credit, hypothetical loans, 9:59

United States

Borrowers, credit obtained within U.S., **10:4**

Exceptions to FINRA Rule 4210(c) maintenance

requirements, 3:40

Valuation

Collateral, illustrative transactions, 9:47-9:50

Volatile securities

Exceptions to FINRA Rule 4210(c) maintenance

requirements, 3:45

Warrants

Nonconventional extensions of credit, 2:25

When-distributed

Cash account, 4:5

When-issued

Cash account, 4:5

Margin account requirements, 3:60

Withdrawals

Basic prohibitions, 9:4

Illustrative transactions, 3:31, 9:49

Margin account. See Margin Account (this

index)

Writing

Cash account options, 4:15