



Foreign Broker-Dealer Securities Activities

FIL-82-97  
August 18, 1997

TO: CHIEF EXECUTIVE OFFICER  
SUBJECT: *U.S.-Affiliated Foreign Broker-Dealer Activities*

The Securities and Exchange Commission (SEC) has issued a "no-action" letter relaxing certain restrictions on the securities activities of U.S.-affiliated foreign securities broker-dealers within the U.S. The Department of the Treasury has adopted the position of the SEC, under the Treasury Department's Government Securities Act authority.

The SEC no-action letter and the Treasury's position reduce the regulatory burden on U.S.-affiliated foreign broker-dealers in four areas:

- The definition of a "major U.S. institutional investor," with whom U.S.-affiliated foreign broker-dealers may transact business, has been expanded to include entities (including investment advisors) with over \$100 million in financial assets.
- Under certain circumstances, clearance and settlement of securities transactions between U.S.-affiliated foreign broker-dealers and their U.S. customers may occur through a direct transfer of funds and securities, rather than through an intermediary U.S. broker-dealer.
- Restrictions on contacts by U.S.-affiliated foreign broker-dealers with certain U.S. investors have been relaxed.
- Restrictions on the dissemination of third-party market quotes in the U.S. by foreign broker-dealers have been relaxed.

The Treasury Department has asked us to distribute the attached copies of Treasury and SEC letters describing these actions. Questions on these matters should be directed to the Treasury's Government Securities Regulations staff at (202) 219-3632.

Nicholas J. Ketcha Jr.  
Director

[Attachments](#)

Distribution: FDIC-Supervised Government Securities Broker-Dealers

NOTE: Paper copies of FDIC financial institution letters may be obtained through the FDIC's Public Information Center, 801 17th Street, N.W., Room 100, Washington, D.C. 20434 ((703) 562-2200 or 800-276-6003).