

Code of Federal Regulations  
Title 12. Banks and Banking  
Chapter I. Comptroller of the Currency, Department of the Treasury  
Part 1. Investment Securities (Refs & Annos)

12 C.F.R. § 1.7

§ 1.7 Securities held in satisfaction of debts previously contracted;  
holding period; disposal; accounting treatment; non-speculative purpose.

**Currentness**

(a) Securities held in satisfaction of debts previously contracted. The restrictions and limitations of this part, other than those set forth in paragraphs (b), (c), and (d) of this section, do not apply to securities acquired:

- (1) Through foreclosure on collateral;
- (2) In good faith by way of compromise of a doubtful claim; or
- (3) To avoid loss in connection with a debt previously contracted.

(b) Holding period. A national bank holding securities pursuant to paragraph (a) of this section may do so for a period not to exceed five years from the date that ownership of the securities was originally transferred to the bank. The OCC may extend the holding period for up to an additional five years if a bank provides a clearly convincing demonstration as to why an additional holding period is needed.

(c) Accounting treatment. A bank shall account for securities held pursuant to paragraph (a) of this section in accordance with Generally Accepted Accounting Principles.

(d) Non-speculative purpose. A bank may not hold securities pursuant to paragraph (a) of this section for speculative purposes.

SOURCE: [61 FR 63982](#), Dec. 2, 1996, unless otherwise noted.

AUTHORITY: [12 U.S.C. 1 et seq.](#), [24](#) (Seventh), and 93a.

**Notes of Decisions (2)**

Current through June 20, 2018; 83 FR 28546.