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due regard to any differences of quality or quantity.

§ 250.82 Temporary exemption from section 13.

(a) Every registered holding company shall be exempt from the provisions of section 13 (49 Stat. 825; 15 U.S.C. 79m) and the rules and regulations adopted thereunder for a period of 30 days after the date when such company shall first become a registered holding company, and every subsidiary of such a registered holding company and every company principally engaged in performing services or construction for, or making sales to, associates of such registered holding company shall likewise be exempt from such provisions for said period: *Provided*, That, during such period, such company shall comply with the provisions of § 250.90 with respect to the performance of services or construction for associate companies on the basis of cost and with the provisions of § 250.92 with respect to sales of goods produced by the seller. As to any company principally engaged in performing services or construction for, or selling goods to, associate companies, such exemption shall expire on the first day of the calendar month immediately succeeding the effective date of such registration unless on and after the first day of such month all accounts and records of such company with respect to such matters shall be maintained in accordance with the provisions of § 250.93 or other rule of the Commission with respect to the accounts and records of mutual service companies and subsidiary service companies.

(b) If, within said period of 30 days after registration of any such holding company, or 30 days after the date of its becoming a holding company in the event of such company filing a notification prior to becoming a holding company, an application or a declaration pursuant to § 250.88 shall be filed with the Commission by or on behalf of any company desiring to perform services or construction for, or make sales of goods to, associate companies in such holding company system, such applicant or declarant may, to the extent set forth in such document, perform services or construction for, or make

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sales of goods to, such companies until the Commission shall take final action on such application or declaration: *Provided, however*, That, during such period such applicant or declarant shall comply with all provisions of the act and of the rules and regulations thereunder that would have been applicable to it if the Commission had previously taken favorable action on such application or declaration.

§ 250.83 Exemption in the case of transactions with foreign associates.

(a) Any subsidiary company of a registered holding company, which subsidiary is or is about to become engaged in the performance of any service, sales, or construction contract for any associate company which does not derive, directly or indirectly, any material part of its income from sources within the United States and which is not a public utility company operating within the United States, may make application to the Commission for exemption, in whole or in part, from the standards established by section 13(b) of the Act (49 Stat. 825; 15 U.S.C. 79m), and the rules and regulations promulgated thereunder, relating to the performance of any service, sales, or construction contract for such associate companies.

(b) No form is prescribed therefor, but every such application shall comply with the provisions of § 250.20. Every such application shall fully set forth information regarding ownership of security issues, servicing activities of the applicant, and such other data as may be necessary to enable the Commission to determine if, by reason of the lack of any major interest of holders of securities offered in the United States in servicing arrangements affecting such serviced subsidiaries, or for any other reason, such an application for exemption should be granted as necessary or appropriate in the public interest or for the protection of investors.

(c) Upon filing such an application in good faith, the applicant shall be entitled to a temporary exemption from all provisions of section 13(b) of the Act,

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and the rules and regulations promulgated thereunder, as to which an exemption is sought, pending action by the Commission upon the application.

(d) Any subsidiary company of a registered holding company (including a mutual service company) may perform service, sales, or construction contracts for any associate company which does not derive, directly or indirectly, any material part of its income from sources within the United States and which is not a public utility company operating within the United States without complying with the standards established by section 13(b) of the Act, and the rules and regulations thereunder, and without the necessity of filing an application for or securing an order of exemption from those standards, so long as the aggregate cost to all such associate companies for services, sales, or construction performed by virtue of the exemption granted by this paragraph (whether performed by one or more subsidiary companies or mutual service companies in the same holding company system) does not exceed \$10,000 within any one calendar year.

§ 250.84 Prohibition of unauthorized transactions by registered holding companies.

Except as authorized by rule, regulation, or order of the Commission, no registered holding company shall—whether or not pursuant to a contract heretofore or hereafter entered into—perform any service or construction for, or sell any goods to, any associate company thereof which is a public utility company, a mutual service company, or a company engaged in the business of performing services or construction for, or selling goods to, associate public utility companies, or enter into any contract to do so.

§ 250.85 Service, sales, and construction by registered holding companies.

Subject to compliance with the provisions of such rules, regulations, or orders of the Commission as may be applicable (including § 250.90), a registered holding company may perform services or construction for, or sell goods to, an associate company thereof, which is a

public utility company, a mutual service company, or a company engaged in the business of performing services or construction for, or selling goods to, associate public utility companies, and such transaction shall be exempt from the provisions of section 13(a) of the Act (49 Stat. 825; 15 U.S.C. 79m), if:

(a) Such holding company is principally engaged in the business of an operating electric or gas utility company, or any business or businesses other than that of selling goods to associate companies, that of performing services or construction, that of a holding company or fiscal or financial agency of a holding company, or that of an investment company or investment trust; and, incidentally to such business, performs such services or construction or sells such goods; or

(b) Such services, construction, or goods are reasonably required by such associate to meet a break-down or other emergency, and the parties believe in good faith that, under the conditions then existing, such transaction will be to the advantage of such associate; or

(c) Such transaction consists of performance of a contract made before August 26, 1935, for the construction of a specific project, building, or unit, pursuant to which contract substantial expenses were incurred before August 26, 1935; or

(d) Such transaction consists of the sale, at not more than cost less depreciation, of goods purchased by such holding company for its own use; or

(e) Such transaction consists of a sale of goods which is merely incidental to a sale of an entire business or a substantial portion thereof, or to a sale of assets other than goods; or

(f) Such transaction, although not exempted by any of the foregoing paragraphs of this section, is not in the regular course of business of such holding company and does not involve a cost to the associate of more than \$2,500, including the cost of such associate of all previous transactions with such holding company consummated in the same fiscal year which were exempted only by this paragraph.