The Federal Reserve Board approved a rule Monday prohibiting the government from extending emergency loans to "too big to fail" companies.

The practice of intervening with loans was essential during the global financial crisis of 2008 and 2009, but was formally abandoned Monday to keep within the confines of the Dodd-Frank Act, passed in 2010.

The new limits, taking effect Jan. 1, mean the Federal Reserve is only allowed to loan money to "programs and facilities with 'broad-based eligibility' that have been established with the approval of the Secretary of the Treasury," a Federal Reserve statement said.

By "broad-based," it refers to any method not designed to aid ailing firms, and must be available to at least five business entities.

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