AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

underwritings that involve the public distribution of an equity security with installment or other deferred-payment provisions.'' To comply with Regulations G and U where the proceeds of debt securities sold under Rule 144A may be used to purchase or carry margin stock and the debt securities are secured in whole or in part, directly or indirectly by margin stock (see 12 CFR 207.2(f), 207.112, and 221.2(g)), the margin requirements of the regulations must be met.

(e) The SEC's objective in adopting Rule 144A is to achieve ''a more liquid and efficient institutional resale market for unregistered securities.'' To further this objective, the Board believes it is appropriate for Regulation T purposes to characterize the participation of broker-dealers in this unique and limited market as an ''investment banking service.'' The Board is therefore of the view that the purchase by a creditor of debt securities for resale pursuant to SEC Rule 144A may be considered an investment banking service under the arranging section of Regulation T. The market-making activities of broker-dealers who hold themselves out to other institutions as willing to buy and sell Rule 144A securities on a regular and continuous basis may also be considered an arranging of credit permissible under §220.13(a) of Regulation T.

[Reg. T, 55 FR 29566, July 20, 1990]

§220.132 Credit to brokers and dealers.

For text of this interpretation, see §221.125 of this subchapter.

[Reg. T, 61 FR 60167, Nov. 26, 1996, as amended at 72 FR 70486, Dec. 12, 2007]

PART 221—CREDIT BY BANKS AND PERSONS OTHER THAN BROKERS OR DEALERS FOR THE PURPOSE OF PURCHASING OR CARRYING MARGIN STOCK (REGULATION U)

Sec.

221.1 Authority, purpose, and scope.
221.2 Definitions.
221.3 General requirements.
221.4 Employee stock option, purchase, and ownership plans.
221.5 Special purpose loans to brokers and dealers.
221.6 Exempted transactions.
221.7 Supplement: Maximum loan value of margin stock and other collateral.

INTERPRETATIONS

221.101 Determination and effect of purpose of loan.
221.102 Application to committed credit where funds are disbursed thereafter.
221.103 Loans to brokers or dealers.
221.104 Federal credit unions.
221.105 Arranging for extensions of credit to be made by a bank.
221.106 Reliance in ''good faith'' on statement of purpose of loan.
221.107 Arranging loan to purchase open-end investment company shares.
221.108 Effect of registration of stock subsequent to making of loan.
221.109 Loan to open-end investment company.
221.110 Questions arising under this part.
221.111 Contribution to joint venture as extension of credit when the contribution is disproportionate to the contributor's share in the venture's profits or losses.
221.112 Loans by bank in capacity as trustee.
221.113 Loan which is secured indirectly by stock.
221.114 Bank loans to purchase stock of American Telephone and Telegraph Company under Employees' Stock Plan.
221.115 Accepting a purpose statement through the mail without benefit of face-to-face interview.
221.116 Bank loans to replenish working capital used to purchase mutual fund shares.
221.117 When bank in ''good faith'' has not relied on stock as collateral.
221.118 Bank arranging for extension of credit by corporation.
221.119 Applicability of plan-lender provisions to financing of stock options and stock purchase rights qualified or restricted under Internal Revenue Code.
221.120 Allocation of stock collateral to purpose and nonpurpose credits to same customer.
221.121 Extension of credit in certain stock option and stock purchase plans.
221.122 Applicability of margin requirements to credit in connection with Insurance Premium Funding Programs.
221.123 Combined credit for exercising employee stock options and paying income taxes incurred as a result of such exercise.
221.124 Purchase of debt securities to finance corporate takeovers.
221.125 Credit to brokers and dealers.

AUTHORITY: 15 U.S.C. 78c, 78g, 78q, and 78w.