

## § 220.132

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 § 207.114 of this subchapter.

[Reg. T, 61 FR 60167, Nov. 26, 1996]

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

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