

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 82-38

April 2, 1982

REGULATION U

Form U-1

Statement of Purpose for an Extension of Credit  
Secured by Margin Stock

TO ALL MEMBER BANKS,  
OTHER CREDITORS  
AND OTHERS CONCERNED IN THE  
ELEVENTH FEDERAL RESERVE DISTRICT:

In compliance with the Paperwork Reduction Act of 1980, which requires all system-initiated forms issued by the Federal Reserve to be reviewed and approved by the Office of Management and Budget (OMB), the Board of Governors of the Federal Reserve System has issued an update of its Form U-1, Statement of Purpose for an Extension of Credit Secured by Margin Stock. The new form has an approved OMB Number and an expiration date.

The revised Form U-1 is attached for your use in reproducing a supply of the forms for documenting extensions of credit secured by margin stocks. Bulk quantities of Form U-1 will not be furnished. Copies of the existing Form U-1 should be destroyed.

Questions regarding the Form U-1 should be directed to this Bank's Legal Department, Ext. 6171.

Additional copies of this circular will be furnished upon request to the Department of Communications, Financial and Community Affairs, Ext. 6289.

Sincerely yours,



William H. Wallace  
First Vice President

Attachment

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Banks and others are encouraged to use the following incoming WATS numbers in contacting this Bank: 1-800-442-7140 (intrastate) and 1-800-527-9200 (interstate). For calls placed locally, please use 651 plus the extension referred to above.

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
Statement of Purpose for an Extension of Credit  
Secured By Margin Stock

\_\_\_\_\_  
Name of Bank

(Federal Reserve Form U-1)

This form is required by law (15 U.S.C. 78g and 78w; 12 CFR 221).

INSTRUCTIONS

1. This form must be completed when a bank extends credit secured directly or indirectly, in whole or in part, by any margin stock.
2. The term "margin stock" is defined in Regulation U (12 CFR 221) and includes, principally: (1) stocks that are registered on a national securities exchange or that are on the Federal Reserve Board's List of OTC Margin Stocks; (2) debt securities

(bonds) that are convertible into margin stocks; and (3) shares of mutual funds, unless 95 per cent of the assets of the fund are continuously invested in U.S. government, agency, State, or municipal obligations.

3. Please print or type (if space is inadequate, attach separate sheet).

PART I. To be completed by borrower(s)

1. What is the amount of the credit being extended? \_\_\_\_\_

2. Will any part of this credit be used to purchase or carry margin stock?  Yes  No

If the answer is "no", describe the specific purpose of the credit \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

I (we) have read this form and certify that to the best of my (our) knowledge and belief the information given is true, accurate, and complete, and that the margin stock and any other securities col-

lateralizing this credit are authentic, genuine, unaltered, and not stolen, forged, or counterfeit.

Signed:

\_\_\_\_\_  
Borrower's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print or Type Name

Signed:

\_\_\_\_\_  
Borrower's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print or Type Name

**This form should not be signed in blank.**

**A borrower who falsely certifies the purpose of a credit on this form or otherwise willfully or intentionally evades the provisions of Regulation U will also violate Federal Reserve Regulation X, "Rules Governing Borrowers Who Obtain Securities Credit".**

**PART II. To be completed by bank only if the purpose of the credit is to purchase or carry margin stock (Part I(2) answered "yes")**

1. List the margin stock securing this credit; do not include debt securities convertible into margin stock. The maximum loan value of margin stock is ..... per cent of its current market value under the current Supplement to Regulation U.

No. of shares	Issue	Market price per share	Date and source of valuation (See note below)	Total market value per issue

2. List the debt securities convertible into margin stock securing this credit. The maximum loan value of such debt securities is ..... per cent of the current market value under the current Supplement to Regulation U.

Principal amount	Issue	Market price	Date and source of valuation (See note below)	Total market value per issue

3. List other collateral including non-margin stock securing this credit.

Describe briefly	Market price	Date and source of valuation (See note below)	Good faith loan value

Note: Bank need not complete "Date and source of valuation" if the market value was obtained from regularly published information in a journal of general circulation.

**PART III. To be signed by a bank officer in all instances**

I am a duly authorized officer of the bank and understand that this credit secured by margin stock may be subject to the credit restrictions of Regulation U. I have read this form and any attachments, and I have accepted the customer's statement in Part I in good faith as required by Regulation U\*\*, and I certify that to the best of my knowledge and belief, all the information given is true, accurate, and complete. I also certify that if any securities that directly secure the credit are not or will not be registered in the name of the borrower or its nominee, I have or will cause to have examined

the written consent of the registered owner to pledge such securities. I further certify that any securities that have been or will be physically delivered to the bank in connection with this credit have been or will be examined, that all validation procedures required by bank policy and the Securities Exchange Act of 1934 (section 17(f), as amended) have been or will be performed, and that I am satisfied to the best of my knowledge and belief that such securities are genuine and not stolen or forged and their faces have not been altered.

\_\_\_\_\_ Date

Signed: \_\_\_\_\_  
Bank officer's signature

\_\_\_\_\_ Title

\_\_\_\_\_ Print or type name

\*\*To accept the customer's statement in good faith, the officer of the bank must be alert to the circumstances surrounding the credit and, if in possession of any information that would cause a prudent person not to accept the statement without inquiry, must have investigated and be satisfied that the statement is truthful. Among the facts which would require such investigation are receipt of the statement through the mail or from a third party.

**This form must be retained by the bank for at least three years after the credit is extinguished.**