

Board of Governors of the Federal Reserve System



# Statement of Purpose for an Extension of Credit Secured by Margin Stock—FR U-1

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

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

The term "margin stock" is defined in Regulation U (12 C.F.R. § 221) and includes, principally: (1) stocks that are registered on a national securities exchange or any over-the-counter security designated for trading in the National Market System; (2) debt securities (bonds) that are convertible into margin stock; and (3) shares of most mutual funds.

The Federal Reserve may not conduct or sponsor, and an organization (or a person) is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

## Part I

To be completed by borrower(s)

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

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

Signed:

Signed:

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

\_\_\_\_\_  
Date

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

\_\_\_\_\_  
Date

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

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

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

**This form must be completed when a bank extends credit in excess of \$100,000 secured directly or indirectly, in whole or in part, by any margin stock.**

**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, "Borrowers of Securities Credit."**

## Part II

To be completed by bank only if the purpose of the credit is to purchase or carry margin securities (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 50 percent 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 <sup>1</sup>	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 50 percent of the current market value under the current Supplement to Regulation U.

Principal Amount	Issue	Market Price	Date and Source of Valuation <sup>1</sup>	Total Market Value Per Issue

3. List other collateral including nonmargin stock securing this credit.

Describe Briefly	Market Price	Date and Source of Valuation <sup>1</sup>	Good Faith Loan Value

## Part III

To be signed by a bank officer in all instances.

I am a duly authorized representative 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<sup>2</sup>; 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.

Signed:

\_\_\_\_\_  
Bank Officer's Signature

\_\_\_\_\_  
Date

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

\_\_\_\_\_  
Title

- Bank need not complete fields for Date and source of valuation if the market value was obtained from regularly published information in either a journal of general circulation or an automated quotation system.
- To accept the customer's statement in good faith, the duly authorized representative of the creditor 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 lender for three years after the credit is extinguished.**