

MEMO# 3951

July 24, 1992

SEC PROPOSES AMENDMENTS TO RULE 144A UNDER THE SECURITIES ACT

July 24, 1992 TO: BOARD OF GOVERNORS NO. 48-92 SEC RULES COMMITTEE NO. 50-92 INTERNATIONAL COMMITTEE NO. 15-92 RE: SEC PROPOSES AMENDMENTS TO RULE 144A UNDER THE SECURITIES ACT _____ The Securities and Exchange Commission has published for public comment amendments to Rule 144A under the Securities Act of 1933 (which provides a safe harbor exemption from the registration requirements thereunder for resales of restricted securities to qualified institutional buyers ("QIBs")). Under the Rule, institutions eligible to be QIBs must own or invest on a discretionary basis at least \$100 million in eligible securities. A copy of the SEC's release is attached. The proposed amendments would expand the categories of QIBs to include collective trust funds and master trusts, which are not currently enumerated as qualifying institutions in the Rule. Specifically, the amendment would add collective trust funds used for the investment of the funds of corporate-sponsored employee benefit plans and state-sponsored benefit plans and master trusts for the commingled investment of funds of a single employer's employee benefit plans as types of entities eligible to qualify as a QIB. In addition, the definition of QIB would be amended to specify that sales to a QIB insurance company for its unregistered separate accounts can qualify under Rule 144A. Finally, the Rule would be amended to permit institutions to include U.S. government securities in the amount of securities held or invested in determining whether the \$100 million threshold has been satisfied. Comments are due to the SEC on the proposed amendments by September 1, 1992. Please provide me with your comments on the proposal for possible inclusion in the Institute's comment letter by August 19, 1992. My direct number 202/955-3523. Amy B.R. Lancellotta Associate Counsel Attachment