

Reg S and Rule 144A Issuance

Navigating U.S. Securities Law Requirements for Eurobonds

U.S. Regulation S (Reg S) and Rule 144A securities offer issuers many advantages when held centrally with Clearstream. Our Eurobonds issuance structure allows for custody at a single depository accelerating time to market. Taking this a step further, the Unitary ISIN structure combines both security regulation types in a single ISIN—completely removing the need for conversions.

Understanding the Reg S and Rule 144A landscape

Reg S and Rule 144A securities can be issued without registration under the U.S. Securities Act of 1933. These two rules are defined as follows:

- **Rule 144A:** Qualified Institutional Buyers (QIBs) can trade securities “onshore” without registration at the Securities and Exchange Commission (SEC).
- **Reg S:** U.S. and non-U.S. QIBs can offer and trade securities outside the U.S.A.

The traditional setup requires allocating two distinct ISIN codes under the Reg S and Rule 144A legislation. One ISIN evidences the Reg S portion which is deposited with a Common Depository for Clearstream and Euroclear (ICSD Common Depository).

A second ISIN is needed for the Rule 144A portion, which has to be deposited either with a Common Depository or with the U.S.-based Depository Trust & Clearing Corporation (DTCC). This dual-code system introduces complexity and administrative overhead.

A streamlined solution: the Eurobonds model

With Clearstream’s Eurobonds issuance model, your Reg S and Rule 144A securities benefit from a single, integrated access point—halving admission review times, simplifying coordination for agent banks and counsel, and reducing issuance costs.

Clearstream allows holders to seamlessly exchange between the two security types for trading in or outside the U.S. This reduces administrative complexity, accelerates your time to market and boosts overall efficiency. Furthermore, Eurobonds are highly attractive to international investors due to their deep liquidity, currency flexibility and broad eligibility as collateral.

Key benefits of the Eurobonds model

- **Streamlined admission:** Shorten time to market and profit from a single point of contact with a numbering agent for all eligibility, distribution and asset servicing for both issue types.
- **Faster conversion:** Boost liquidity and minimize settlement risk through faster conversions between 144A and Reg S tranches—often intra-day.
- **Greater investor appeal:** Leverage the extensive choice of currencies and the broad collateral eligibility at major institutions like the European Central Bank and the U.S. Federal Reserve.

Ultimate efficiency: the Unitary ISIN structure

The Unitary ISIN structure takes efficiency a step further, offering issuers more flexibility and greatly reduced complexity when issuing Reg S and Rule 144A securities.

The restrictions on who is eligible to purchase under either Reg S or Rule 144A still apply, but instead of allocating two distinct ISIN codes, the Unitary ISIN uses a single global security to represent the entire offering. This not only eliminates the need for conversion but also creates a single liquidity pool, streamlines processes, and removes duplication and cost.

Key benefits of the Unitary ISIN structure

- **Higher liquidity:** Simplify trading and settlement across markets by using a single global security which attracts a broader investor base.
- **Effortless processing:** Eliminate the time-consuming and costly process of converting between Reg S and 144A tranches. This ensures faster execution and removes arbitrage or mispricing risks.
- **Reduced complexity:** Enjoy streamlined operations through simplified documentation requirements and a single point of contact with a numbering agent.

More information?

Please contact your Relationship Manager or the [Eurobonds Primary Market Relations Team](#).