NET CAPITAL REQUIREMENTS FOR BROKERS OR DEALERS
SEA Rule 15c3-1

(a) NET CAPITAL REQUIREMENTS FOR BROKERS OR DEALERS

Every broker or dealer must at all times have and maintain net capital no less than the greater of the highest minimum requirement applicable to its ratio requirement under paragraph (a)(1) of this section, or to any of its activities under paragraph (a)(2) of this section, and must otherwise not be "insolvent" as that term is defined in paragraph (c)(16) of this section.

/001 Moment to Moment Net Capital

Broker-dealers must maintain sufficient net capital at all times prior to, during and after purchasing or selling proprietary securities. Broker-dealers must have at all times (including intraday) sufficient net capital to meet the haircut requirements of the Capital Rule before taking on any new proprietary positions, even if the intention of the firm is to liquidate or cover the positions before the end of the same day. Broker-dealers are expected to be able to demonstrate moment to moment compliance with the Capital Rule.

(SEC Staff to NYSE) (No. 99-8, August 1999)

/01 Additional Net Capital Requirement

The net capital requirement is increased by one percent of accrued liabilities that are excluded from aggregate indebtedness under the provisions specified at interpretation 15c3-1(c)(2)(iv)(C)/09.

(SEC Letter to NASD, July 24, 1984) (No. 87-6, May 1987)

/02 Consolidations, Minimum Net Capital Requirement

The minimum net capital requirement of the consolidated entity is determined by adding the amount of net capital required for compliance by each consolidated subsidiary subject to the Rule to the minimum dollar net capital requirement of the parent broker-dealer.

See Appendix C interpretation 15c3-1c(c)/022.

(SEC Staff to NYSE)

(a)(6) MINIMUM REQUIREMENTS; MARKET MAKERS, SPECIALISTS AND CERTAIN OTHER DEALERS (continued)

(iii) A dealer who elects to operate pursuant to this paragraph (a)(6) shall at all times maintain a liquidating equity in respect of securities positions in his market maker or specialist account at least equal to:

(A) An amount equal to 25 percent (5 percent in the case of exempted securities) of the market value of the long positions and 30 percent of the market value of the short positions; provided, however, in the case of long or short positions in options and long or short positions in securities other than options which relate to a bona-fide hedged position as defined in paragraph (c)(2)(x)(C) of this section, such amount shall equal the deductions in respect of such positions specified by Appendix A (§ 240.15c3-1a).

(B) Such lesser requirement as may be approved by the Commission under specified terms and conditions upon written application of the dealer and carrying broker or dealer.

(C) For purposes of this paragraph (a)(6)(iii), equity in such specialist or market maker account shall be computed by (1) marking all securities positions long or short in the account to their respective current market values, (2) adding (deducting in the case of a debit balance) the credit balance carried in such specialist or market maker account, and (3) adding (deducting in the case of short positions) the market value of positions long in such account.

/01 Equity On Deposit With Carrying Broker

The equity on deposit with the carrying broker to meet the requirements specified in this subparagraph is not deducted from net worth in computing net capital. The requirements may be met by depositing in the account any cash or securities that may be used by the market maker or specialist, including all cash and securities contributed as subordinated liabilities or capital, whether pursuant to conforming agreements or not, as well as trading and investment account securities in which the computing broker-dealer is not a market maker or specialist.

(SEC Staff to NYSE) (No. 76-2, February 1976)

(c)(1) DEFINITIONS; AGGREGATE INDEBTEDNESS (continued)

/18 Distributor or Underwriter of Mutual Funds and Other Investment Companies Includes Payables in Aggregate Indebtedness

A broker-dealer that is an underwriter of investment company shares may not net amounts payable to the investment company against related receivables from other broker-dealers that had purchased shares of the investment company. Such a broker-dealer must include the amounts it owes to the investment company in its aggregate indebtedness under SEA Rule 15c3-1(c)(1). A distributor of mutual fund shares is covered by this interpretation.

(Letters from SEC Staff of DMR to NASD, May 1, 1979 and July 16, 1981)
(Letter from SEC Staff of DMR to F. Eberstadt & Co., May 21, 1979)

/19 Good Faith Deposits Placed with the Managing Underwriter

Good faith deposits, placed with the managing underwriter by joint account participants in connection with municipal underwritings, represent payables of the managing underwriter to the joint account members and are included in the managing underwriter's calculation of aggregate indebtedness under SEA Rule 15c3-1(c)(1).

(Letter from SEC Staff of DMR to Seasongood & Mayer, June 7, 1977)

/20 Temporary Capital Infusions in a Broker-dealer – Rescinded (FINRA Regulatory Notice 14-06)

/21 One-Day Bank Loan for DVP Transactions

A broker-dealer uses a local bank as agent for delivery of securities and collection of payment for out-of-town delivery versus payment (DVP) transactions. At the same time, the firm obtains a loan from the same bank collateralized by the securities to be delivered. The loan remains outstanding for one additional day after the DVP transaction has been completed. Said loan must be classified as aggregate indebtedness pursuant to SEA Rule 15c3-1(c)(1) until the funds are actually received by the bank and the loan is eliminated.

(SEC Staff of DMR to NASD, December 1982)

(c)(2) DEFINITIONS; NET CAPITAL (continued)

(i) ADJUSTMENTS TO NET WORTH RELATED TO UNREALIZED PROFIT OR LOSS, DEFERRED TAX PROVISIONS, AND CERTAIN LIABILITIES

(A) Adding unrealized profits (or deducting unrealized losses) in the accounts of the broker or dealer;

(B)(1) In determining net worth, all long and all short positions in listed options shall be marked to their market value and all long and all short securities and commodities positions shall be marked to their market value.

/01 Non-Marketable Securities, Mark to Market

Securities, long or short, with no ready market should be valued at fair value as determined by the management of the broker-dealer.

Valuation procedures for securities that are not readily marketable should be designed to approximate the value that would have been established by market forces and "are generally a good faith estimate by management to determine the value of non-marketable securities". Among other things, consideration should be given to prices at which recent sales (purchases) were made with clients, customers or others.

(SEC Letter to Power Securities Corp., October 3, 1988) (No. 89-6, June 1989)

(2) In determining net worth, the value attributed to any unlisted option shall be the difference between the option's exercise value and the market value of the underlying security. In the case of an unlisted call, if the market value of the underlying security is less than the exercise value of such call it shall be given no value and in the case of an unlisted put if the market value of the underlying security is more than the exercise value of the unlisted put it shall be given no value.

/01 Long and Short Unlisted Options

In determining net worth, both long and short unlisted options are valued at their "in the money" amounts. The time value portion of the premium is ignored. (See interpretation 15c3-1(c)(2)/01.)

(SEC Staff to NYSE)

(c)(2)(i) DEFINITIONS; NET CAPITAL: ADJUSTMENTS TO NET WORTH RELATED TO UNREALIZED PROFIT OR LOSS, DEFERRED TAX PROVISIONS, AND CERTAIN LIABILITIES (continued)

(C) Adding to net worth the lesser of any deferred income tax liability related to the items in (1), (2), and (3) below, or the sum of (1), (2), and (3) below;

(1) The aggregate amount resulting from applying to the amount of the deductions computed in accordance with paragraph (c)(2)(vi) of this section and Appendices A and B, § 240.15c3-1a and 240.15c3-1b, the appropriate Federal and State tax rate(s) applicable to any unrealized gain on the asset on which the deduction was computed;

(2) Any deferred tax liability related to income accrued which is directly related to an asset otherwise deducted pursuant to this section;

(3) Any deferred tax liability related to unrealized appreciation in value of any asset(s) which has been otherwise deducted from net worth in accordance with the provisions of this section; and,

/01 Local Taxes (City)

Local (city) income taxes also qualify to be added back.

(SEC Staff to NYSE)

(c)(2)(i)(C) DEFINITIONS; NET CAPITAL: ADJUSTMENTS TO NET WORTH RELATED TO UNREALIZED PROFIT OR LOSS, DEFERRED TAX PROVISIONS, AND CERTAIN LIABILITIES (continued)

/02 Haircuts and Undue Concentration Charges

The potential addback is computed by applying the tax rates to the total of all the haircuts and undue concentration charges. It is not computed only on positions which have an unrealized gain.

Example:

30% Securities	Cost	Market Value
A	100	200
B	100	100
C	100	80
Total	300	380

The tax rates are applied to 30% of $380, or $114.

This amount is still effectively limited to the actual deferred tax credit attributable to specified items such as these. For example, assume that the broker had no timing differences other than the net unrealized appreciation in these three securities. His deferred tax credit account would reflect the tax rate applied to the $80. His addback would thus be limited to the amount in the deferred tax credit account.

(SEC Staff to NYSE)

/03 Short Positions (Related Taxes)

This subparagraph also applies to taxes related to short positions.

(SEC Staff to NYSE)

(c)(2)(i) DEFINITIONS; NET CAPITAL: ADJUSTMENTS TO NET WORTH RELATED TO UNREALIZED PROFIT OR LOSS, DEFERRED TAX PROVISIONS, AND CERTAIN LIABILITIES (continued)

(D) Adding, in the case of future income tax benefits arising as a result of unrealized losses, the amount of such benefits not to exceed the amount of income tax liabilities accrued on the books and records of the broker or dealer, but only to the extent such benefits could have been applied to reduce accrued tax liabilities on the date of the capital computation, had the related unrealized losses been realized on that date.

/01 Deferred Tax Debit

The rule provides that tax benefits can be added to net worth to the extent that income tax liabilities could have been reduced on the date of the capital computation, if the related unrealized losses had been realized on that date. This means that, for example, a calendar year company that has realized gains but unrealized losses at December 3lst can offset the unrealized losses to the extent of the realized gains on that date but immediately at the beginning of the next year will not have the right of offset for the unrealized losses, since no realized gains as yet exist.

Certain deferred tax debits relating to deferred compensation payable may be treated in a like manner. Where a deferred compensation plan is structured so that the broker-dealer may at any time at its option make payment, the related deferred income tax receivable may be applied to reduce the tax liability on the broker-dealer's books for other items.

(SEC Staff to NYSE) (No. 77-2, June l977)

(c)(2)(i) DEFINITIONS; NET CAPITAL: ADJUSTMENTS TO NET WORTH RELATED TO UNREALIZED PROFIT OR LOSS, DEFERRED TAX PROVISIONS, AND CERTAIN LIABILITIES (continued)

(E) Adding to net worth any actual tax liability related to income accrued which is directly related to an asset otherwise deducted pursuant to this section.

/01 Add-Back to Net Worth of Deferred Tax Liabilities Directly Related to Certain Non-Allowable Assets

A broker-dealer may add-back to net worth the amount of its deferred tax liabilities which are directly related to the following non-allowable assets:

- Software assets capitalizing certain costs associated with internal software development;
- Prepaid advertising; and
- Distribution network and prepaid selling commission.

(SEC Letter to Charles Schwab & Co., Inc., October 25, 1999)
(SEC Letter to Advanced Clearing, Inc., October 25, 1999) (No. 01-3, March 2001)
(SEC Letter to John Hancock Funds, LLC, December 12, 2006) (No. 07-4, April 2007)

(F) Subtracting from net worth any liability or expense relating to the business of the broker or dealer for which a third party has assumed the responsibility, unless the broker or dealer can demonstrate that the third party has adequate resources independent of the broker or dealer to pay the liability or expense.

(G) Subtracting from net worth any contribution of capital to the broker or dealer:

(1) Under an agreement that provides the investor with the option to withdraw the capital; or

(2) That is intended to be withdrawn within a period of one year of contribution. Any withdrawal of capital made within one year of its contribution is deemed to have been intended to be withdrawn within a period of one year, unless the withdrawal has been approved in writing by the Examining Authority for the broker or dealer.

(NEXT PAGE IS 241)

(c)(2)(iv) DEFINITIONS; NET CAPITAL: ASSETS NOT READILY CONVERTIBLE INTO CASH (continued)

/07 Whole Loan Mortgages

Broker-dealer's investments in whole loan mortgages or whole loan mortgage pools (e.g., mortgage loans that have not been converted into securitized form) are not allowable for purposes of computing net capital.

(SEC Staff to NYSE) (No. 92-4, January 1992)

/08 DTC Preferred Stock

The par value ($100 per share) of the new variable rate non-cumulative non-voting Series "A" Preferred Stock issued by the Depository Trust Corporation (DTC), for which a broker-dealer is required to purchase under DTC's clearing fund formula can be considered an allowable asset. This amount should also be reported on the Focus Balance Sheet under Clearing Organizations – Other on line item number 290.

(SEC Letter to The Depository Trust Company, August 21, 2000)
(No. 01-3, March 2001)

/09 Assets Pledged as Collateral for a Surety Bond

A broker-dealer that is required to maintain a surety bond by the state in which it is headquartered and pledges its interest in a savings account as collateral for the bond must treat the pledged asset as non-allowable for net capital purposes.

(SEC Staff of DMR to NASD, April 3, 1980)

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(c)(2)(iv) DEFINITIONS; NET CAPITAL: ASSETS NOT READILY CONVERTIBLE INTO CASH (continued)

(A) FIXED ASSETS AND PREPAID ITEMS

Real estate; furniture and fixtures; exchange memberships; prepaid rent; insurance and other expenses; goodwill; organization expenses;

/01 Capitalized Leases

Capitalized leases are treated as purchases of assets which collateralize a financing loan. The liability, representing the present value of the future lease payments, is treated as indebtedness collateralized by the asset. To receive favorable treatment, the assets must either be "acquired for use in the ordinary course of the trade or business of a broker or dealer", or the lessor's sole recourse must be limited to the leased property.

(SEC Staff to NYSE)

These arrangements require Exchange approval under NYSE Rule 328 and may be deductions for computations under NYSE Rule 326 if the agreements contain acceleration clauses.

(NYSE Information Memo No. 80-66) (No. 83-2, April 1983)

When the lease of computer or telephone equipment from a vendor-lessor or bank or other financial institution is capitalized, 50% of the capitalized lease liability may be treated as adequately secured for a period of two years after the lease was entered into without demonstration of the adequacy of the collateral.

(SEC Letter to NASD, April 17, 1986) (No. 88-14, August 1988)

The portion of the lease liability which matures in less than one year, is not to be treated as indebtedness collateralized by the asset. Favorable treatment is allowed for the assets only to the extent of that portion of the liability which matures in more than one year.

(SEC Staff to NYSE) (No. 91-6, July 1991)

/02 Prepaid Non-Allowable Assets – Add-Back of Tax Liability

See interpretation 15c3-1(c)(2)(E)(i)/01.

(c)(2)(iv) DEFINITIONS; NET CAPITAL: ASSETS NOT READILY CONVERTIBLE INTO CASH (continued)

(B) CERTAIN UNSECURED AND PARTLY SECURED RECEIVABLES

All unsecured advances and loans; deficits in customers' and non-customers' unsecured and partly secured notes; deficits in omnibus credit accounts maintained in compliance with the requirements of 12 CFR 220.7(f) of Regulation T under the Act, or similar accounts carried on behalf of another broker or dealer, after application of calls for margin, marks to the market or other required deposits that are outstanding 5 business days or less; deficits in customers' and non-customers' unsecured and partly secured accounts after application of calls for margin, marks to market or other required deposits that are outstanding 5 business days or less, except deficits in cash accounts as defined in 12 CFR 220.8 of Regulation T under the Act for which not more than one extension respecting a specified securities transaction has been requested and granted, and deducting for securities carried in any of such accounts the percentages specified in paragraph (c)(2)(vi) of this section or Appendix A, § 240.15c3-1a; the market value of stock loaned in excess of the value of any collateral received therefor; receivables arising out of free shipments of securities (other than mutual fund redemptions) in excess of $5,000 per shipment and all free shipments (other than mutual fund redemptions) outstanding more than 7 business days, and mutual fund redemptions outstanding more than 16 business days; and any collateral deficiencies in secured demand notes as defined in Appendix D, § 240.15c3-1d; a broker or dealer that participates in a loan of securities by one party to another party will be deemed a principal for the purpose of the deductions required under this section, unless the broker or dealer has fully disclosed the identity of each party to the other and each party has expressly agreed in writing that the obligations of the broker or dealer do not include a guarantee of performance by the other party and that such party's remedies in the event of a default by the other party do not include a right of setoff against obligations, if any, of the broker or dealer.

(c)(2)(iv)(B) DEFINITIONS; NET CAPITAL: ASSETS NOT READILY CONVERTIBLE INTO CASH (continued)

/01 Free Shipments

On other than mutual fund redemptions, the charge for a free shipment outstanding seven business days or less applies only to the excess over $5,000, which is computed by aggregating together all shipments made on a particular day to a particular broker.

Securities sent to a transfer agent for tender or exchange are not considered to be related to free shipments.

(SEC Staff to NYSE)

A shipment by mail of securities to a bank, which serves as the seller's agent for the collection of proceeds, is not a free shipment.

(SEC Release No. 34-11854, November 20, 1975)

To the extent a broker-dealer used the facilities of a bank, a clearing agency such as Correspondent Delivery and Collection Service, or a common carrier such as Brink's to act as the seller's agent in effectuating securities deliveries, the deliveries are not considered to be free shipments. Once the agent releases control of the securities to the purchaser, payment should be promptly receive by the agent or the broker-dealer within a few hours in accordance with trade custom.

(SEC Staff to NYSE) (No. 76-4, April 1976)

(c)(2)(vi) DEFINITIONS; NET CAPITAL: SECURITIES HAIRCUTS (continued)

(D) CERTAIN MUNICIPAL BOND TRUSTS AND LIQUID ASSET FUNDS

(1) In the case of redeemable securities of an investment company registered under the Investment Company Act of 1940, which assets consist of cash or money market instruments and which is described in § 270.2a-7 of this chapter, the deduction will be 2% of the market value of the greater of the long or short position.

(2) In the case of redeemable securities of an investment company registered under the Investment Company Act of 1940, which assets are in the form of cash or securities or money market instruments of any maturity which are described in paragraph (c)(2)(vi)(A) through (C) or (E) of this section, the deduction shall be 7% of the market value of the greater of the long or short positions.

(3) In the case of redeemable securities of an investment company registered under the Investment Company Act of 1940, which assets are in the form of cash or securities or money market instruments which are described in paragraphs (c)(2)(vi)(A) through (C) or (E) and (F) of this section, the deduction shall be 9% of the market value of the long or short position.

/01 Money Market Funds – Rescinded (FINRA Regulatory Notice 14-06)

/02 Registered Investment Companies with Repurchase Agreements in the Portfolio

Repurchase agreements in the portfolio of registered investment companies do not alter the haircuts applicable to the registered investment company issue pursuant to SEA Rule 15c3-1(c)(2)(vi)(D)(1), (2), and (3).

(SEC Staff of DMR to NASD, April 1981)

/03 Redeemable Securities of an Investment Company Registered Under the Investment Company Act of 1940

If the prospectus issued by an investment company registered under the Investment Company Act of 1940 indicates that the investment company may invest in, or its assets may consist of securities or money market instruments that are not specified in paragraphs (D)(2) and (D)(3) of this Rule, the haircut deduction to be applied shall be 15% of the market value of the greater of the long or short positions held by the broker-dealer in such redeemable securities.

(SEC Staff to FINRA) (FINRA Regulatory Notice 13-44)

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(c)(2) DEFINITIONS; NET CAPITAL (continued)

(xiii) DEDUCTION FROM NET WORTH FOR INDEBTEDNESS COLLATERALIZED BY EXEMPTED SECURITIES

Deducting, at the option of the broker or dealer, in lieu of including such amounts in aggregate indebtedness, 4 percent of the amount of any indebtedness secured by exempted securities or municipal securities, if such indebtedness would otherwise be includable in aggregate indebtedness.

/01 Optional Treatment of Liabilities vs Municipal Collateral

The optional deduction applies to bank loans, fail to receive, securities loaned or other such liabilities includable in aggregate indebtedness which are collateralized by exempted or municipal securities.

(SEC Staff to NYSE) (No. 77-4, November 1977)

(xiv) DEDUCTION FROM NET WORTH FOR EXCESS DEDUCTIBLE AMOUNTS RELATED TO FIDELITY BOND COVERAGE

Deducting the amount specified by rule of the Examining Authority for the broker or dealer with respect to a requirement to maintain fidelity bond coverage.

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(c) DEFINITIONS (continued)

(14) MUNICIPAL SECURITIES

The term "municipal securities" shall mean those securities included within the definition of "municipal securities" in Section 3(a)(29) of the Securities Exchange Act of 1934.

(15) TENTATIVE NET CAPITAL

The term "tentative net capital" shall mean the net capital of a broker or dealer before deducting the securities haircuts computed pursuant to paragraph (c)(2)(vi) of this section and the charges on inventory computed pursuant to Appendix B to this section (§ 240.15c3-1b). However, for purposes of paragraph (a)(5) of this section, the term "tentative net capital" means the net capital of an OTC derivatives dealer before deducting the charges for market and credit risk as computed pursuant to Appendix F to this section (§ 240.15c3-1f) or paragraph (c)(2)(vi) of this section, if applicable, and increased by the balance sheet value (including counterparty net exposure) resulting from transactions in eligible OTC derivative instruments which would otherwise be deducted by virtue of paragraph (c)(2)(iv) of this section. For purposes of paragraph (a)(7) of this section, the term "tentative net capital" means the net capital of the broker or dealer before deductions for market and credit risk computed pursuant to §240.15c3-1e or paragraph (c)(2)(vi) of this section, if applicable, and increased by the balance sheet value (including counterparty net exposure) resulting from transactions in derivative instruments which would otherwise be deducted by virtue of paragraph (c)(2)(iv) of this section. Tentative net capital shall include securities for which there is no ready market, as defined in paragraph (c)(11) of this section, if the use of mathematical models has been approved for purposes of calculating deductions from net capital for those securities pursuant to §240.15c3-1e.

(c) DEFINITIONS (continued)

(16) INSOLVENT

For the purposes of this section, a broker or dealer is insolvent if the broker or dealer:

(i) Is the subject of any bankruptcy, equity receivership proceeding or any other proceeding to reorganize, conserve, or liquidate such broker or dealer or its property or is applying for the appointment or election of a receiver, trustee, or liquidator or similar official for such broker or dealer or its property;

(ii) Has made a general assignment for the benefit of creditors;

(iii) Is insolvent within the meaning of section 101 of title 11 of the United States Code, or is unable to meet its obligations as they mature, and has made an admission to such effect in writing or in any court or before any agency of the United States or any State; or

(iv) Is unable to make such computations as may be necessary to establish compliance with this section or with § 240.15c3-3.

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(e) LIMITATION ON WITHDRAWAL OF EQUITY CAPITAL

(1) NOTICE PROVISIONS RELATING TO LIMITATIONS ON THE WITHDRAWAL OF EQUITY CAPITAL

No equity capital of the broker or dealer or a subsidiary or affiliate consolidated pursuant to Appendix C (17 CFR 240.15c3-1c) may be withdrawn by action of a stockholder or a partner or by redemption or repurchase of shares of stock by any of the consolidated entities or through the payment of dividends or any similar distribution, nor may any unsecured advance or loan be made to a stockholder, partner, sole proprietor, employee or affiliate without written notice given in accordance with paragraph (e)(1)(iv) below:

(i) Two business days prior to any withdrawals, advances or loans if those withdrawals, advances or loans on a net basis exceed in the aggregate in any 30 calendar day period, 30 percent of the broker or dealer's excess net capital. A broker or dealer, in an emergency situation, may make withdrawals, advances or loans that on a net basis exceed 30 percent of the broker or dealers excess net capital in any 30 day calendar day period without giving the advance notice required by this paragraph, with the prior approval of its Examining Authority. Where a broker or dealer makes a withdrawal with the consent of its Examining Authority, it shall in any event comply with paragraph (e)(1)(ii) of this section, or

(ii) Two business days after any withdrawals, advances or loans if those withdrawals, advances or loans on a net basis exceed in the aggregate in any 30 calendar day period, 20 percent of the broker or dealer's excess net capital.

(iii) The paragraph (e)(1) does not apply to:

(A) Securities or commodities transactions in the ordinary course of business between a broker or dealer and an affiliate where the broker or dealer makes payment to or on behalf of such affiliate for such transaction and then receives payment from such affiliate for the securities or commodities transaction within two business days from the date of the transaction; or

(B) Withdrawals, advances or loans which in the aggregate in any thirty calendar day period, on a net basis, equal $500,000 or less.

(iv) Each required notice shall be effective when received by the Commission in Washington, D.C., the regional office of the Commission for the region in which the broker or dealer has its principal place of business, the broker or dealer's Examining Authority and the Commodity Futures Trading Commission if such broker or dealer is registered with that Commission.

(e) LIMITATION ON WITHDRAWAL OF EQUITY CAPITAL (continued)

(2) LIMITATIONS ON WITHDRAWAL OF EQUITY CAPITAL

No equity capital of the broker or dealer or a subsidiary or affiliate consolidated pursuant to Appendix C (17 CFR 240.15c3-1c) may be withdrawn by action of a stockholder or a partner or by redemption or repurchase of shares of stock by any of the consolidated entities or through the payment of dividends or any similar distribution, nor may any unsecured advance or loan be made to a stockholder, partner, sole proprietor, employee or affiliate, if after giving effect thereto and to any other such withdrawals, advances or loans and any Payments or Payment Obligations (as defined in Appendix D (17 CFR 240.15c3-1(d)) under satisfactory subordination agreements which are scheduled to occur within 180 days following such withdrawal, advance or loan if:

(i) The broker or dealer's net capital would be less than 120 percent of the minimum dollar amount required by paragraph (a) of this section;

(ii) The broker-dealer is registered as a futures commission merchant, its net capital would be less than 7 percent of the funds required to be segregated pursuant to the Commodity Exchange Act and the regulations thereunder (less the market value of commodity options purchased by option customers on or subject to the rules of a contract market, each such deduction not to exceed the amount of funds in the option customer's account):

(iii) The broker-dealer's net capital would be less than 25 percent of deductions from net worth in computing net capital required by paragraphs (c)(2)(vi), and Appendix A of this section, unless the broker or dealer has the prior approval of the Commission to make such withdrawal;

(iv) The total outstanding principal amounts of satisfactory subordination agreements of the broker or dealer and any subsidiaries or affiliates consolidated pursuant to Appendix C (17 CFR 240.15c3-1c)(other than such agreements which qualify as equity under paragraph (d) of this section) would exceed 70% of the debt-equity under paragraph (d) of this section;

(v) The broker or dealer is subject to the aggregate indebtedness limitations of paragraph (a) of this section, the aggregate indebtedness of any of the consolidated entities exceeds 1000 percent of its net capital; or

(vi) The broker or dealer is subject to the alternative net capital requirement of paragraph (a) of this section, its net capital would be less than 5 percent of aggregate debit items computed in accordance with 17 CFR 240.15c3-3a.

(e) LIMITATION ON WITHDRAWAL OF EQUITY CAPITAL (continued)

(3) TEMPORARY RESTRICTIONS ON WITHDRAWAL OF NET CAPITAL

(i) The Commission may by order restrict, for a period of up to twenty business days, any withdrawal by the broker or dealer of equity capital or unsecured loan or advance to a stockholder, partner, sole proprietor, member, employee or affiliate under such terms and conditions as the Commission deems necessary or appropriate in the public interest or consistent with the protection of investors if the Commission, based on the information available, concludes that such withdrawal, advance or loan may be detrimental to the financial integrity of the broker or dealer, or may unduly jeopardize the broker or dealer's ability to repay its customer claims or other liabilities which may cause a significant impact on the markets or expose the customers or creditors of the broker or dealer to loss without taking into account the application of the Securities Investor Protection Act of 1970.

(ii) An order temporarily prohibiting the withdrawal of capital shall be rescinded if the Commission determines that the restriction on capital withdrawal should not remain in effect. A hearing on an order temporarily prohibiting the withdrawal of capital will be held within two business days from the date of the request in writing by the broker or dealer.

(e) LIMITATION ON WITHDRAWAL OF EQUITY CAPITAL (continued)

(4) MISCELLANEOUS PROVISIONS

(i) Excess net capital is that amount in excess of the amount required under paragraph (a). For the purposes of paragraphs (e)(1) and (e)(2), a broker or dealer may use the amount of excess net capital and deductions required under paragraphs (c)(2)(vi) and Appendix A of this section reported in its most recently required filed Form X-17A-5 for the purposes of calculating the effect of a projected withdrawal, advance or loan relative to excess net capital or deductions. The broker or dealer must assure itself that the excess net capital or the deductions reported on the most recently required filed Form X-17A-5 have not materially changed since the time such report was filed.

(ii) The term equity capital includes capital contributions by partners, par or stated value of capital stock, paid-in capital in excess of par, retained earnings or other capital accounts. The term equity capital does not include securities in the securities accounts or partners and balances in limited partners' capital accounts in excess of their stated capital contributions.

(iii) Paragraphs (e)(1) and (e)(2) of this section shall not preclude a broker or dealer from making required tax payments or preclude the payment to partners of reasonable compensation, and such payments shall not be included in the calculation of withdrawals, advances, or loans for purposes of paragraphs (e)(1) and (e)(2).

(iv) For the purposes of this paragraph (e), any transaction between a broker or dealer and stockholder, partner, sole proprietor, employee or affiliate that results in a diminution of the broker or dealer's net capital shall be deemed to be an advance or loan of net capital.

(NEXT PAGE IS 1001)

(b)(1) THEORETICAL PRICING CHARGES (continued)

(iv) As to non-clearing option specialists and market-makers, the percentages of the daily market price of the underlying instrument shall be:

(A) +(-) 4 1/2% for major market foreign currencies; and
(B) +6(-) 8% for high-capitalization diversified indexes.
(C) +(-) 10% for a non-clearing market-maker, or specialist in non-high capitalization diversified index product group.

(v)(A) The broker or dealer shall multiply the corresponding theoretical gains and losses at each of the 10 equidistant valuation points by the number of positions held in a particular options series, the related instruments and qualified stock baskets within the option's class, and the positions in the same underlying instrument.

(B) In determining the aggregate profit or loss for each portfolio type, the broker or dealer will be allowed the following offsets in the following order, provided, that in the case of qualified stock baskets, the broker or dealer may elect to net individual stocks between qualified stock baskets and take the appropriate deduction on the remaining, if any, securities:

(1) First, a broker or dealer is allowed the following offsets within an option's class:

(i) Between options on the same underlying instrument, positions covering the same underlying instrument, and related instruments within the option's class, 100% of a position's gain shall offset another position's loss at the same valuation point;

(ii) Between index options, related instruments within the option's class, and qualified stock baskets on the same index, 95%, or such other amount as designated by the Commission, of gains shall offset losses at the same valuation point;

(2) Second, a broker-dealer is allowed the following offsets within an index product group:

(i) Among positions involving different high-capitalization diversified index option classes within the same product group, 90% of the gain in a high-capitalization diversified market index option, related instruments, and qualified stock baskets within that index option's class shall offset the loss at the same valuation point in a different high-capitalization diversified market index option, related instruments, and qualified stock baskets within that index option's class;

SEA Rule 15c3-2 (Reserved)

(NEXT PAGE IS 2001)

(h) BUY-IN OF SHORT SECURITY DIFFERENCES

A broker or dealer shall within 45 calendar days after the date of the examination, count, verification and comparison of securities pursuant to Rule 17a-13 or otherwise or to the annual report of financial condition in accordance with §§ 240.17a-5 or 240.17a-12, buy-in all short security differences which are not resolved during the 45-day period.

/01 Extensions of Time

See paragraph (n) of this section for information regarding time periods and processing of extensions of time.

(SEC Staff to NYSE)

(i) NOTIFICATION IN THE EVENT OF FAILURE TO MAKE A REQUIRED DEPOSIT

If a broker or dealer shall fail to make in his reserve bank account or special account a deposit, as required by this section, the broker or dealer shall by telegram immediately notify the Commission and the regulatory authority for the broker or dealer, which examines such broker or dealer as to financial responsibility and shall promptly thereafter confirm such notification in writing.

/01 Hindsight Deficiency

If a broker-dealer which is presently in compliance with the cash reserve provisions of the rule, discovers by hindsight that a cash reserve deficiency existed as a result of an error in the determination of a required deposit, the broker-dealer would still be required to make notification to the bodies indicated in the rule. This notification shall be made by telegraphic or other appropriate means (registered letter) promptly after discovery with a representation that the broker-dealer is presently in compliance with the cash reserve provisions of the rule. It is suggested that the notification include an explanation as to the reason for the error and action taken to prevent a recurrence in the future.

(SEC Staff to NYSE) (No. 80-4, March 1980)

(j) TREATMENT OF FREE CREDIT BALANCES

(1) A broker or dealer must not accept or use any free credit balance carried for the account of any customer of the broker or dealer unless such broker or dealer has established adequate procedures pursuant to which each customer for whom a free credit balance is carried will be given or sent, together with or as part of the customer's statement of account, whenever sent but not less frequently than once every three months, a written statement informing the customer of the amount due to the customer by the broker or dealer on the date of the statement, and that the funds are payable on demand of the customer.

(NEXT PAGE IS 2501)

REPORTS TO BE MADE BY CERTAIN BROKERS AND DEALERS
SEA Rule 17a-5

(a) FILING OF MONTHLY AND QUARTERLY REPORTS

(1) This paragraph (a) shall apply to every broker or dealer registered pursuant to section 15 of the Act.

(2)(i) Every broker or dealer subject to this paragraph (a) who clears transactions or carries customer accounts must file with the Commission Part I of Form X-17A-5 (§ 249.617 of this chapter) within 10 business days after the end of each month.

/01 NYSE Monthly Part II Requirement

The NYSE requires monthly filing of Part II of Form X-17A-5 report for all members and member organizations required to file Part I of Form X-17A-5.

(NYSE Information Memo No. 92-42, December 1992) (No. 94-6, December 1994)

/02 NYSE Requirements for Guaranteed Subsidiary/Associated Partnership

Members and member organizations are required to file Part II or IIA of Form X-17A-5 on a quarterly basis for registered broker-dealers that are either guaranteed subsidiaries or from whom flow through capital benefits are received. Members and member organizations that guarantee or receive flow through capital benefits from another person must submit the forms required by NYSE Information Memo 93-54.

A broker-dealer, whether organized as a sole proprietor, partnership or corporation, that is a general partner of another partnership is in effect guaranteeing all the liabilities of that partnership and must submit the forms required by NYSE Information Memo 93-54.

(NYSE Information Memo No. 76-17, April 1992)
(NYSE Information Memo No. 93-54, December 1993) (No. 94-6, December 1994)

(a)(2)(i) FILING OF MONTHLY AND QUARTERLY REPORTS (continued)

/03 Retroactive Application of Changes in Accounting Principles

Broker-dealers that are required to adopt a new accounting principle on a retroactive basis need not restate or re-file their previously filed FOCUS Reports or recalculate net capital or other computations that were previously filed or calculated, as long as such FOCUS Reports and net capital or other computations were prepared in accordance with generally accepted accounting principles and SEA Rules in effect at the time they were originally prepared and/or filed.

Note: Any adjustments to retained earnings caused by a new accounting principle that is applied on a retroactive basis should be reported on either line 4260 (Additions) or 4270 (Deductions) in the Statement of Changes in Ownership Equity of the FOCUS Report during the period that the adjustment is comprehended by the broker-dealer. Such adjustments should no longer be included in line 4225 (Cumulative effect of changes in accounting principles) under the Statement of Income (Loss).

(SEC Staff to FINRA) (FINRA Regulatory Notice 13-44)

(a)(2) FILING OF MONTHLY AND QUARTERLY REPORTS (continued)

(ii) Every broker or dealer subject to this paragraph (a) who clears transactions or carries customer accounts must file with the Commission Part II of Form X-17A-5 (§ 249.617 of this chapter) within 17 business days after the end of the calendar quarter and within 17 business days after the end of the fiscal year of the broker or dealer where that date is not the end of a calendar quarter. Certain of such brokers or dealers must file with the Commission Part IIA in lieu thereof if the nature of their business is limited as described in the instructions to Part II of Form X-17A-5 (§ 249.617 of this chapter).

/01 NYSE FOCUS Filing Due Dates

The NYSE requires their member and member organizations, who have chosen to file their FOCUS Part II as of a date other than the last calendar day of a month or quarter, to file their FOCUS Report 17 business days from their month-end closing date.

(NYSE Information Memo 99-22, May 1999) (No. 99-9, August 1999)

(iii) Every broker or dealer that neither clears transactions nor carries customer accounts must file with the Commission Part IIA of Form X-17A-5 (§ 249.617 of this chapter) within 17 business days after the end of each calendar quarter and within 17 business days after the end of the fiscal year of the broker or dealer where that date is not the end of a calendar quarter.

/01 NYSE FOCUS Filing Due Dates

The NYSE requires their member and member organizations, who have chosen to file their FOCUS Part IIA as of a date other than the last calendar day of a month or quarter, to file their FOCUS Report 17 business days from their month-end closing date.

(NYSE Information Memo 99-22, May 1999) (No. 99-9, August 1999)

(iv) Upon receiving written notice from the Commission or the examining authority designated pursuant to section 17(d) of the Act ("designated examining authority"), a broker or dealer who receives such notice must file with the Commission monthly, or at such times as shall be specified, Part II or Part IIA of Form X-17A-5 (§ 249.617 of this chapter) and such other financial or operational information as shall be required by the Commission or the designated examining authority.

(a) FILING OF MONTHLY AND QUARTERLY REPORTS (continued)

(3) The reports provided for in this paragraph (a) that must be filed with the Commission shall be considered filed when received at the Commission's principal office in Washington, D.C. and the regional office of the Commission for the region in which the broker or dealer has its principal place of business. All reports filed pursuant to this paragraph (a) shall be deemed to be confidential.

(4) The provisions of paragraphs (a)(2) and (3) of this section shall not apply to a member of a national securities exchange or a registered national securities association if said exchange or association maintains records containing the information required by Part I, Part II or Part IIA of Form X-17A-5 (§ 249.617 of this chapter), as to such member, and transmits to the Commission a copy of the applicable parts of Form X-17A-5 (§ 249.617 of this chapter), as to such member, pursuant to a plan, the procedures and provisions of which have been submitted to and declared effective by the Commission. Any such plan filed by a national securities exchange or a registered national securities association may provide that when a member is also a member of one or more national securities exchanges, or of one or more national securities exchanges and a registered national securities association, the information required to be submitted with respect to any such member may be submitted by only one specified national securities exchange or registered national securities association. For the purposes of this section, a plan filed with the Commission by a national securities exchange or a registered national securities association shall not become effective unless the Commission, having due regard for the fulfillment of the Commission's duties and responsibilities under the provisions of the Act, declares the plan to be effective. Further, the Commission, in declaring any such plan effective, may impose such terms and conditions relating to the provisions of the plan and the period of its effectiveness as may be deemed necessary or appropriate in the public interest, for the protection of investors, or to carry out the Commission's duties and responsibilities under the Act.

(5) Every broker or dealer subject to this paragraph (a) must file Form Custody (§ 249.639 of this chapter) with its designated examining authority within 17 business days after the end of each calendar quarter and within 17 business days after the end of the fiscal year of the broker or dealer where that date is not the end of a calendar quarter. The designated examining authority must maintain the information obtained through the filing of Form Custody and transmit the information to the Commission, at such time as it transmits the applicable part of Form X-17A-5 (§ 249.617 of this chapter) as required in paragraph (a)(4) of this section.

(a) FILING OF MONTHLY AND QUARTERLY REPORTS (continued)

(6) Each broker or dealer that computes certain of its capital charges in accordance with § 240.15c3-1e must file the following additional reports:

(i) Within 17 business days after the end of each month that is not a quarter, as of month-end:

(A) For each product for which the broker or dealer calculates a deduction for market risk other than in accordance with § 240.15c3-1e(b)(1) or (b)(3), the product category and the amount of the deduction for market risk;

(B) A graph reflecting, for each business line, the daily intra-month VaR;

(C) The aggregate value at risk for the broker or dealer;

(D) For each product for which the broker or dealer uses scenario analysis, the product category and the deduction for market risk;

(E) Credit risk information on derivatives exposures, including:

(1) Overall current exposure;

(2) Current exposure (including commitments) listed by counterparty for the 15 largest exposures;

(3) The 10 largest commitments listed by counterparty;

(4) The broker or dealer's maximum potential exposure listed by counterparty for the 15 largest exposures;

(5) The broker or dealer's aggregate maximum potential exposure;

(6) A summary report reflecting the broker or dealer's current and maximum potential exposures by credit rating category; and

(7) A summary report reflecting the broker or dealer's current exposure for each of the top ten countries to which the broker or dealer is exposed (by residence of the main operating group of the counterparty); and

(F) Regular risk reports supplied to the broker's or dealer's senior management in the format described in the application; and

(a)(6) FILING OF MONTHLY AND QUARTERLY REPORTS (continued)

(ii) Within 17 business days after the end of each quarter:

(A) Each of the reports required to be filed in paragraph (a)(6)(i) of this section;

(B) A report identifying the number of business days for which the actual daily net trading loss exceeded the corresponding daily VaR; and

(C) The results of backtesting of all internal models used to compute allowable capital, including VaR and credit risk models, indicating the number of backtesting exceptions.

(a) FILING OF MONTHLY AND QUARTERLY REPORTS (continued)

(7) Upon written application by a broker or dealer to its designated examining authority, the designated examining authority may extend the time for filing the information required by this paragraph (a). The designated examining authority for the broker or dealer shall maintain, in the manner prescribed in § 240.17a-1, a record of each extension granted.

/01 FOCUS Extension Request

Members and member organizations for which the Exchange is the DEA should use the procedures outlined below when requesting extensions. Members and member organizations for which the Exchange is not the DEA should submit extension requests to their respective DEA and supply a copy to the Exchange.

A member or member organization requesting an extension for a FOCUS Report should notify their Finance Coordinator by telephone and follow-up with a written request to the Exchange signed by the Chief Financial Officer (CFO) or, if the CFO is unable to sign, another senior officer or partner. An extension request should be made at least three (3) business days prior to the FOCUS Report due date and no extension request will be accepted after the due date. The written request should provide the following information:

1. The amount of time requested on the extension;

2. The specific reason(s) the extension is being requested and details on the steps being taken to resolve any problems which led to the request. FOCUS Report extensions as of the annual audit date will not be granted unless extreme hardship can be demonstrated;

3. A statement that the books and records are current, that the organization is in compliance with SEA Rules 15c3-1 and 15c3-3, CFTC Regulations 1.20 and 30.7 and that there are no operational problems at the organization; and

4. A pro forma capital position that includes net worth, net capital, excess net capital, aggregate debit items/aggregate indebtedness, current month's net profit or loss and NYSE Rule 326 capital percentage/ratio.

(NYSE Information Memo 93-45, October 1993) (No. 94-6, December 1994)

(NEXT PAGE IS 3211)

(d) ANNUAL FILING OF AUDITED FINANCIAL STATEMENTS (continued)

(3) Supporting schedules shall include, from Part II or Part IIA of Form X-17A-5, a Computation of Net Capital Under Rule 15c3-1, a Computation for Determination of the Reserve Requirements under Exhibit A of Rule 15c3-3 and Information Relating to the Possession or Control Requirements Under Rule 15c3-3, and shall be filed with said report.

(4) A reconciliation, including appropriate explanations, of the Computation of Net Capital under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3 in the audit report with the broker's or dealer's corresponding unaudited most recent Part II or Part IIA filing shall be filed with said report when material differences exist. If no material differences exist, a statement so indicating shall be filed.

/01 Reconciliation of FOCUS Report to the Annual Audit

If a broker-dealer files an amended FOCUS report (as of its audit date) that varies materially from the original FOCUS report, a reconciliation and explanation of material differences between the amended report and the original report must be filed. The reconciliation should include at a minimum the original and amended amounts and an explanation of the differences. The audit report may be reconciled with the amended FOCUS report and a statement as to whether any material differences are noted and the date of the amended FOCUS filing must be included.

(SEC Letter to NYSE, April 24, 1987) (No. 94-6, December 1994)

(5) The annual audit report shall be filed not more than sixty (60) days after the date of the financial statements.

(6) The annual reports must be filed at the regional office of the Commission for the region in which the broker or dealer has its principal place of business, the Commission's principal office in Washington, DC, the principal office of the designated examining authority for the broker or dealer, and with the Securities Investor Protection Corporation ("SIPC") if the broker or dealer is a member of SIPC. Copies of the reports must be provided to all self-regulatory organizations of which the broker or dealer is a member, unless the self-regulatory organization by rule waives this requirement.

(NEXT PAGE IS 3241)

(e)(4) NATURE AND FORM OF REPORTS (continued)

(iii) An accountant's report which shall state that in the accountant's opinion either the assessments were determined fairly in accordance with applicable instructions and forms, or that a claim for exclusion from membership was consistent with income reported. If exceptions are noted, the accountant shall state any corrective action taken or proposed. The accountant's review on which his report is based shall include as a minimum the following procedures:

(A) Comparison of listed assessment payments with respective cash disbursements record entries;

(B) For all or any portion of a fiscal year ending in 1976 and each fiscal year thereafter, comparison of amounts reflected in the annual report required by paragraph (d) of this section, with amounts reported in the Annual General Assessment Reconciliation (Form SIPC-7);

(C) Comparison of adjustments reported in Form SIPC-7 with supporting schedules and working papers supporting adjustments;

(D) Proof of arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the schedules and working papers supporting adjustments; and,

(E) Comparison of the amount of any overpayment applied with the Form SIPC-7 on which it was computed; or,

(F) If exclusion from membership is claimed, the accountant shall review the annual report required by paragraph (d) of this section for all or any portion of a fiscal year ending in 1976 and each fiscal year thereafter to ascertain that the Certification of Exclusion from Membership (Form SIPC-3) was consistent with the income reported.

(e)(4)(iii)(F) NATURE AND FORM OF REPORTS (continued)

/01 Supplemental SIPC Report Exemption

Broker-dealers do not have to file the supplemental SIPC report required by SEA Rule 17a-5(e)(4) provided that they are members of SIPC and report $500,000 or less in gross revenues in their annual audited statement of income filed pursuant to SEA Rule 17a-5(d).

(SEC Letter to SIPC, January 9, 1989) (No. 94-6, December 1994)

/02 SIPC Reports Exemption for Guaranteed Subsidiary

The SEC has granted relief to a guaranteed subsidiary from the filing of the SIPC supplemental report and the accompanying opinion of an independent public accountant based on the fact that it was registered as a broker-dealer and its financial statements were consolidated with those of its parent.

(SEC Letter to First Boston (Puerto Rico), Inc., February 2, 1990) (No. 94-6, December 1994)

(NEXT PAGE IS 3251)

NOTIFICATION PROVISIONS FOR BROKERS AND DEALERS
SEA Rule 17a-11

(a) This section shall apply to every broker or dealer registered with the Commission pursuant to section 15 of the Act.

(b)(1) Every broker or dealer whose net capital declines below the minimum amount required pursuant to § 240.15c3-1, or is insolvent as that term is defined in § 240.15c3-1(c)(16), must give notice of such deficiency that same day in accordance with paragraph (g) of this section.

(2) In addition to the requirements of paragraph (b)(1) of this section, an OTC derivatives dealer or broker or dealer permitted to compute net capital pursuant to the alternative method of § 240.15c3-1e shall also provide notice if its tentative net capital falls below the minimum amount required pursuant to § 240.15c3-1. The notice shall specify the tentative net capital requirements, and current amount of net capital and tentative net capital, of the OTC derivatives dealer or the broker or dealer permitted to compute net capital pursuant to the alternative method of § 240.15c3-1e.

NOTIFICATION PROVISIONS FOR BROKERS AND DEALERS (continued)

(c) Every broker or dealer shall send notice promptly (but within 24 hours) after the occurrence of the events specified in paragraphs (c)(1), (c)(2), (c)(3), (c)(4) or (c)(5) of this section in accordance with paragraph (g) of this section:

(1) If a computation made by a broker or dealer subject to the aggregate indebtedness standard of § 240.15c3-1 shows that its aggregate indebtedness is in excess of 1,200 percent of its net capital; or

(2) If a computation made by a broker or dealer, which has elected the alternative standard of § 240.15c3-1, shows that its net capital is less than 5 percent of aggregate debit items computed in accordance with § 240.15c3-3a Exhibit A: Formula for Determination Reserve Requirement of Brokers and Dealers under § 240.15c3-3; or

(3) If a computation made by a broker or dealer pursuant to § 240.15c3-1 shows that its total net capital is less than 120 percent of the broker's or dealer's required minimum net capital, or if a computation made by an OTC derivatives dealer pursuant to § 240.15c3-1 shows that its total tentative net capital is less than 120 percent of the dealer's required minimum tentative net capital.

(4) The occurrence of the fourth and each subsequent backtesting exception under § 240.15c3-1f(e)(1)(iv) during any 250 business day measurement period.

(5) If a computation made by a broker or dealer pursuant to § 240.15c3-1 shows that the total amount of money payable against all securities loaned or subject to a repurchase agreement or the total contract value of all securities borrowed or subject to a reverse repurchase agreement is in excess of 2500 percent of its tentative net capital; provided, however, that for purposes of this leverage test transactions involving government securities, as defined in section 3(a)(42) of the Act (15 U.S.C. 78c(a)(42)), must be excluded from the calculation; provided further, however, that a broker or dealer will not be required to send the notice required by this paragraph (c)(5) if it reports monthly its securities lending and borrowing and repurchase and reverse repurchase activity (including the total amount of money payable against securities loaned or subject to a repurchase agreement and the total contract value of securities borrowed or subject to a reverse repurchase agreement) to its designated examining authority in a form acceptable to its designated examining authority.