

# NASD

NOTICE TO MEMBERS: 80-44  
Notices to Members should be  
retained for future reference.

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

1735 K STREET NORTHWEST • WASHINGTON D.C. 20006

September 5, 1980

## IMPORTANT

TO: All NASD Members

RE: Reporting of Transactions to the Consolidated Tape  
Pursuant to Schedule G

The rules and procedures for reporting transactions to the Consolidated Tape are contained in Schedule G under Article XVIII of the Association's By-Laws. Under the existing reporting provisions of Schedule G, members which are "Designated Reporting Members" are required to report all purchases and sales executed over-the-counter in listed securities required to be reported to the Consolidated Tape ("Eligible Securities"). Members not so designated are only required to report purchases and sales with persons other than Designated Reporting Members. Currently, a member may become a Designated Reporting Member upon its own request or upon designation by the Association if the member effects a substantial number of over-the-counter transactions in eligible securities. A Designated Reporting Member must maintain transaction reporting capability through its NASDAQ terminal to the NASDAQ Transaction Reporting System. A list of members which have been designated as Designated Reporting Members is attached to this Notice as Exhibit 1.

### Expansion of the List of Designated Reporting Members

With the adoption of SEC Rule 19c-3 (refer to NASD Notices 80-32 and 80-33), there has been an increase in the number of members executing over-the-counter transactions in eligible securities, as well as in the volume of these off-board transactions. Therefore, effective immediately, all members that are currently registered as CQS market makers or who become registered in the future automatically become Designated Reporting Members in those securities for which they are a CQS market maker. This does not preclude a member from voluntarily becoming a Designated Reporting Member in all eligible securities as provided for in Section 1 of Schedule G nor does it alter the status of those firms already identified as Designated Reporting Members (See Exhibit 1).

Members should be aware that under the reporting procedures of Schedule G, all over-the-counter transactions in eligible securities executed between a Designated Reporting Member and a Non-Designated Reporting Member are reported by the Designated Reporting Member. In transactions involving two Designated Reporting Members or two Non-Designated Reporting

Members, the seller reports. A matrix summarizing these and other provisions of the reporting requirements of Schedule G is attached to this Notice as Exhibit 2.

Reporting Transactions Executed with an Exchange

Under existing Paragraph 4 of Schedule G, a member does not report a transaction which is executed on the floor of an exchange. For 19c-3 securities, however, should the exchange specialist initiate an order with a third market maker, the transaction is effected in the over-the-counter market and the third market maker reports the transaction to the Consolidated Tape. This interpretation is consistent with the rules governing the reporting of transactions executed in ITS wherein the market of destination has the responsibility to report to the Consolidated Tape.

Members are urged to familiarize all personnel involved in over-the-counter trading in 19c-3 securities with the reporting provisions of Schedule G of the Association's By-Laws and with the changes and interpretations to those provisions discussed in this Notice. A redraft of Schedule G has been approved by the Association's Board and filed with the Securities and Exchange Commission for approval. Upon approval by the SEC, a notice explaining the redraft of the reporting procedures will be sent to members.

Questions with regard to this Notice should be directed to Donald Heizer at (202) 833-7169.

Sincerely,



Gordon S. Macklin  
President

SCHEDULE G DESIGNATED REPORTING MEMBERS

American Securities Corporation

Amswiss International Corporation

Atlantic Capital Corporation

Cantor, Fitzgerald & Company, Inc.

Continental American Securities, Inc.

First Southwest Company

Hill, Thompson, Magid & Company, Inc.

Jefferies & Company, Inc.

King & Company

Bernard L. Madoff

Carl Marks & Company, Inc.

Mayer & Schweitzer, Inc.

M. A. Schapiro & Company, Inc.

Singer & Mackie, Inc.

Traub & Company, Inc.

United Equities Company

M. S. Wien & Company, Inc.

SCHEDULE G

MATRIX OF TRADE REPORTING REQUIREMENTS

<u>Firm</u>	<u>Principal Purchase From Retail</u>	<u>Purchase From Non-Designated Reporting Member</u>	<u>Purchase From Designated Reporting Member</u>	<u>Sale to Non-Designated Reporting Member</u>	<u>Sale to Designated Reporting Member</u>	<u>Principal Sale to Retail</u>	<u>Dual Agency</u>
<u>Designated Reporting Member</u>	Yes	Yes	No	Yes	Yes	Yes	Yes
<u>Non-Designated Reporting Member</u>	Yes	No	No	Yes	No	Yes	Yes

# NASD

Notice to Members No. 80-45  
Notices to Members  
Should be Retained for  
Future Reference

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

1735 K STREET NORTHWEST • WASHINGTON D. C. 20006

September 11, 1980

TO: ALL NASD MEMBERS

RE: Procedure for Designating a Compliance Registered  
Options Principal (CROP) With The Association

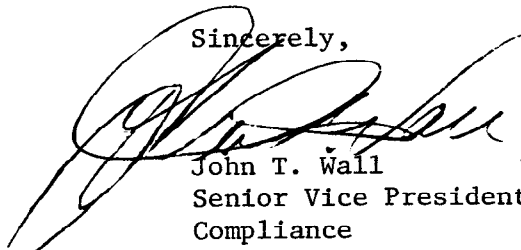
The Securities and Exchange Commission has approved amendments to the Association's rules that reflect responses to certain recommendations of the SEC's Options Study. For a complete description of the amendments, please refer to Notice to Members No. 80-22 dated June 4, 1980. Among these amendments is a change to Part I, Section (2)(e)(i) of Schedule C of the By-Laws which requires every member which conducts a public options business to designate a Compliance Registered Options Principal (CROP) and identify such person to the Association. A CROP must be a Registered Options Principal (ROP) and, depending upon the amount of options business conducted by the member, may not be permitted to have a sales related function. This amendment became effective on August 15, 1980.

In order to assist members in complying with the new requirements, the Association has developed the attached CROP designation form. The form should be completed and returned by October 3, 1980:

National Association of Securities Dealers, Inc.  
Membership Department/Registration Section  
Attention: Marie Montagnino, Assistant Director  
1735 K Street NW  
Washington, DC 20006

The Association has effected agreements with the Chicago Board Options Exchange, Midwest Stock Exchange, and Pacific Stock Exchange which in part provide for eliminating certain duplicative paperwork. In this connection, the designation of a dual member's CROP with these exchanges can be accomplished by completing the enclosed CROP designation form and returning it to the address detailed above.

Sincerely,



John T. Wall  
Senior Vice President  
Compliance

# NASD

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

1735 K STREET NORTHWEST • WASHINGTON D. C. 20006

## REQUEST FOR DESIGNATION AS A COMPLIANCE REGISTERED OPTIONS PRINCIPAL

Members doing an Options Business must designate a Compliance Registered Options Principal, (CROP) with the NASD and also designate and identify such person to other self-regulatory organizations of which they are members. The designated "CROP" may also be the member's Senior Registered Options Principal. The individual should have no sales functions unless the member has received less than \$1,000,000 in gross commissions on Options Business for either of the preceding two fiscal years, or it currently has ten or less Options Representatives. This form should also be used to notify the Association of any change or replacement of the member's CROP.

Applicant's Full Name \_\_\_\_\_  
LAST FIRST MIDDLE

Social Security Number \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

Currently Employed By \_\_\_\_\_  
MEMBER FIRM NAME

Signature of Applicant \_\_\_\_\_ Date \_\_\_\_\_

### ATTESTATION BY MEMBER

I hereby attest that the above captioned applicant is currently functioning as the Member's Compliance Registered Options Principal as described in Appendix E, Section 21(b) of the Rules of Fair Practice of the NASD Manual.

If Applicant is a replacement, please check here .

\_\_\_\_\_  
TYPE OR PRINT FULL NAME OF PRINCIPAL

\_\_\_\_\_  
SIGNATURE OF PRINCIPAL

\_\_\_\_\_  
DATE

<b>For NASD Use Only</b>			
SQ	LINE	FID	OP
CL	/	EFF	/ /
LN	CL	/	
LN	CL	/	
LN	CL	/	

# NASD

NOTICE TO MEMBERS: 80-46  
Notices to Members should be  
retained for future reference.

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.  
1735 K STREET NORTHWEST • WASHINGTON D.C. 20006

September 16, 1980

## MEMORANDUM

TO: All NASD Members

ATTN: Compliance Officers and Registered Options Principals

RE: SEC Approval of Rule Change Proposals

### Summary

On July 30, 1980, the Securities and Exchange Commission approved two rule changes proposed by the Association and submitted to the Commission on July 18 (File No. SR-NASD-80-14). One rule extends NASD jurisdiction over members and registered persons who have resigned their membership or terminated their registration until one year after the effective date of such resignation or termination. The other increases the level at which members are required to report positions in option contracts from 100 contracts of any class of options to 200 contracts on the "same side of the market." A more detailed analysis of each of the rule changes together with the texts of both proposals follow.

### Retention of Jurisdiction

Under amendments to Article I, Section 7 and Article XV, Sections 4 and 5 of the By-Laws, members who resign from the Association and registered persons who resign from or who are terminated by a member firm shall continue to be subject to the filing of a complaint by the Association on the basis of conduct which commenced prior to the effective date of their resignation or termination; provided, however, that any complaint must be filed within one year after such effective date. The Association originally proposed these amendments in response to a recommendation of the SEC's Options Study. Similar rules have already been adopted by each of the exchange participants on the SRO Options Task Force including the Chicago Board Options Exchange and the American, Midwest, New York, Pacific and Philadelphia Stock Exchanges. The proposals were circulated for member comment in May and August, 1979, and were the

subject of a mail vote of the membership which was favorably completed on June 23, 1980 (see Notice to Members No. 80-21, dated May 23, 1980).

These rule changes are effective immediately. However, other than gaining an awareness of the extended period during which they may be subject to NASD discipline, there are no specific steps which members or their registered personnel must take at the present time to effect compliance with the new rules.

### Options Position Reporting

The amendments to Section 5 of Appendix E to Section 33 of the Rules of Fair Practice were proposed by the Association's Options Committee and adopted by its Board of Governors in order to conform NASD requirements in the contract reporting area with those of the options exchanges. Since the implementation of the Association's options "access firm" program in February, 1979, affected members have been required to file daily reports of long, short or uncovered short positions in put or call options which equalled or exceeded 100 contracts in any single options class. That provision was consistent with similar rules of the options exchanges which had been in effect for a number of years. Recently, however, each of the options exchanges was authorized by the SEC to increase the reportable position level from 100 contracts in a single class of options to 200 option contracts on the "same side of the market." Under the "same side of the market" definition, long calls in any class of options are combined with short puts of the same class and short calls are combined with long puts in order to determine a reportable position. For example, a member who is long 130 XYZ call options and who is also short 180 XYZ put options would be deemed to hold 310 option contracts on the "same side of the market" and would therefore be required to report such position to the Association. The report would be required to be made by the close of business on the business day following the one on which the reportable position was established. However, in a situation where a member is, for example, long only 130 XYZ calls or short only 180 XYZ puts, no position report would have to be filed.

This change in the position reporting requirement has rendered two existing Association forms obsolete. Members are no longer to use either Form RP 23-17 (Calls) or Form RP 23-18 (Puts) to report daily options positions. A new form (RP 23-34) has been designed for use in complying with the revised contract reporting rule. A copy of that form, together with instructions on its completion, is attached to this notice. Members may either reproduce this form at their convenience or they may obtain a supply of forms from their local NASD District Office.

Members are cautioned that the amendments to Section 5 of Appendix E do not affect the existing requirement to compute all uncovered short options positions as of settlement date, the 15th day of each month, and to report such positions to the Association. Forms RP 23-16 (Calls) and RP 23-22 (Puts) are still to be used for this purpose.

\* \* \*



Members are urged to review this notice and each of the attachments carefully. Questions regarding this material should be directed to S. William Broka, Assistant Director, Department of Regulatory Policy and Procedures, at (202) 833-7247.

Sincerely,



Gordon S. Macklin  
President

Attachments

ARTICLE I

Membership

Resignations of Members - Effective Date

Sec. 7(a) Membership in the Corporation may be voluntarily terminated only by formal resignation. Resignations of members must be in writing and addressed to the Board of Governors, which shall immediately notify the appropriate District Committee. Any member may resign from the Corporation at any time. Such resignation shall not take effect until thirty (30) days after receipt thereof by the Board of Governors and until all indebtedness due the Corporation from such member shall have been paid in full, and so long as any complaint or action is pending against the member, and so long as any examination of such member is in process. The Board of Governors, however, may, in its discretion, declare a resignation effective at any time.

(b) Retention of Jurisdiction - A resigned member shall continue to be subject to the filing of a complaint by the Corporation based upon conduct which commenced prior to the effective date of the member's resignation from the Corporation. Any such complaint, however, shall be filed within one year after the effective date of the resignation.

ARTICLE XV

Registration of Registered Representatives

Voluntary Resignation of Registered Representative

Sec. 4(a) Registration with the Corporation of any person associated with a member may be voluntarily terminated at any time but only by formal resignation in writing and addressed to the Board of Governors. The Board of Governors shall

immediately notify the member employing such person. Such resignation (subject to Section 6) shall not take effect until 30 days after receipt by the Board of Governors of such written resignation or so long as any complaint or action is pending against a member and to which complaint or action such person associated with the member is also a respondent, or so long as any complaint or action is pending against such person individually or so long as any examination of the member or person associated with such member is in process. The Board of Governors, however, may, in its discretion, declare the resignation effective at any time.

(b) A person whose association with a member has been voluntarily terminated pursuant to subsection (a) hereof, shall continue to be subject to the filing of a complaint by the Corporation based upon conduct which commenced prior to the effective date of voluntary termination. Any such complaint, however, shall be filed within one year after the effective date of such termination.

#### Notification by Member to Board of Termination

Sec. 5(a) No person associated with a member who is registered with the Corporation may transfer his registration or any right arising therefrom. Promptly upon, but in no event later than thirty (30) calendar days after, the termination of the association with a member of a person who is registered with it, such member shall give written notice to the Association on a form designated by the Board of Governors of the termination of such association. A member who does not submit such notification in writing within the time period prescribed shall be assessed a late filing fee as specified by the Board of Governors in Schedule A of the By-Laws. Termination of registration (subject to Section 6) of such person associated with a member shall not take effect until thirty (30) days after receipt thereof by the Board of Governors nor so long as any complaint or action is

pending against a member and to which complaint or action such person associated with a member is also a respondent, or so long as any complaint or action is pending against such person individually or so long as any examination of the member or person associated with such member is in process. The Board of Governors, however, may, in its discretion, declare the resignation effective at any time.

(b) A person whose association with a member is terminated pursuant to subsection (a) hereof, shall continue to be subject to the filing of a complaint by the Corporation based upon conduct which commenced prior to the effective date of termination. Any such complaint, however, shall be filed within one year after the effective date of such termination.

### ARTICLE III, SECTION 33, APPENDIX E

#### Reporting of Options Positions

Sec. 5(a) Each member shall file with the Corporation a report with respect to each account in which the member has an interest, each account of a partner, officer, director or employee of such member, and each customer account, which has established an aggregate position of 200 or more option contracts (whether long or short) of the put class and the call class on the same side of the market covering the same underlying security, combining for purposes of this Section long positions in put options with short positions in call options and short positions in put options with long positions in call options.

Such report shall identify the person or persons having an interest in such account and shall identify separately the total number of option contracts of each such class comprising the reportable position in such account. The report shall be in such form as may be prescribed by the Corporation and shall be filed no later than the close of business on the next business day following the day on

which the transaction or transactions requiring the filing of such report occurred. Whenever a report shall be required to be filed with respect to an account pursuant to this subsection, the member filing such shall file with the Corporation such additional periodic reports with respect to such account as the Corporation may from time to time prescribe.

(b) In addition to the reports required by subsection (a) of this Section, each member shall report promptly to the Corporation any instance in which such member has a reason to believe that a person, acting alone or in concert with others, has exceeded or is attempting to exceed the position limits or the exercise limits set forth in Sections 3 and 4 hereof.

(c) Every member who has an uncovered short position in any class of options shall file with the Corporation a report reflecting such in:

- (1) each account in which the member has an interest,
- (2) all accounts of partners, officers, directors and employees of such member; and,
- (3) all accounts of customers.

Such report shall be made as of the 15th of each month (or more frequently if required by the Corporation) and shall be submitted not later than the second business day following the date as of which the report is made.

NOTICE TO MEMBERS No. 80-47  
Notice to Members should be  
retained for future reference.

**NASD**

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.  
1735 K STREET NORTHWEST • WASHINGTON D.C. 20006

September 24, 1980

IMPORTANT

PLEASE DIRECT THIS NOTICE  
TO ALL  
FINANCIAL AND OPERATIONAL OFFICERS AND PARTNERS

TO: All NASD members  
RE: SEC Proposes Significant Amendments to the FOCUS Reporting System

SUMMARY

On September 9, 1980, the Securities and Exchange Commission announced proposed amendments to Form X-17A-5, a series of financial and operational reports, commonly known as FOCUS, which are filed by broker-dealers with the SEC and the various self-regulatory organizations. These proposed amendments are explained in Securities Exchange Act Release No. 17138, a copy of which is reprinted at the conclusion of this notice.\* The release describes the proposed changes and solicits comments from interested parties on the impact of the proposed amendments to the FOCUS Report on the securities industry. According to the Commission, the purpose of these amendments is to revise and clarify certain aspects of the existing FOCUS reporting system and to obtain additional information which the Commission intends to use for regulatory and policy-making purposes.

Among other things, the proposals embodied in the release would accomplish the following:

- rearrange the various items appearing on the current FOCUS Part I;
- add new items to FOCUS Part I, the most significant of these being a Schedule of Operational Exposure Items;

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\* Appended to Release No. 34-17138 (reprinted as part of this notice) are the following FOCUS Reports: Appendix A - Proposed Part I; Appendix B - Proposed Part II; and, Appendix C - Proposed Part II A.

- make adjustments to the FOCUS Part II Balance Sheet, to reflect commodities-related balances, in addition to other things;
- overhaul the Statement of Income of FOCUS Part II to provide more detailed information relative to broker-dealers' business activities; and
- eliminate certain items from the fourth quarter FOCUS Part II Report, i.e., Schedules I, II and III.

A more detailed discussion of these proposals follows.

### Discussion of the Proposals

#### Background

The FOCUS Reporting System was adopted on December 17, 1975 (see Securities Exchange Act Release No. 11935). According to the Commission, the proposed amendments are designed to reflect changes which have taken place in the securities industry since the adoption of the system. These amendments will, in the view of the Commission, provide additional information of a more specific nature than that which is presently being reported. The increase in information captured through the FOCUS Reporting System is intended to assist the Commission in monitoring the operational and financial condition of broker-dealers as well as enabling it to evaluate the effects of proposed and existing regulations with greater precision.

#### FOCUS Report - Part I

The FOCUS Part I Report is proposed to be reorganized to provide a more orderly flow of information. In this regard, the following division of information has been established (all line items refer to the proposed form):

- Line items 1 through 28 would provide a step-by-step computation of the net capital and ratio requirements, among other things;
- Line items 29 through 31 would provide information pertaining to Rule 15c3-3 (the "Customer Protection Rule");
- Line items 32 and 33 would deal with segregation requirements under the Commodity Exchange Act;
- Line items 34 through 36 would provide details concerning charges to firm positions in securities and commodities; and,
- Line items 37 through 45 would provide information of a statistical nature and would generally concern the reporting firm's number of transactions, volume of fails, clearing agency balances, cash balances, customer accounts, security borrowings and allowable assets.

Most of the data in these line items is already included in the existing FOCUS Part I Report. However, several new items, mainly of a balancing nature, are being proposed to this section of the report.

The major adjustment to the FOCUS Part I Report is the addition of a Schedule of Operational Exposure items. This schedule is composed of fifty-six additional line items of detail. They concern suspense items, reconciliations, and security and commodity differences. Although the release is not specific on this point, it is the NASD's understanding that completion of this schedule by members would be at the discretion of the reporting firm's designated examining authority. Although some self-regulatory organizations have expressed their intent to require completion of this schedule by all firms for which they are the designated examining authority, it is the intention of the NASD, at this juncture, to require this reporting on an exception basis only where the need for such is clear.

### FOCUS Report - Part II

The FOCUS Report Part II would be modified in many instances to provide for the reporting of commodities activity. The Statement of Income (Loss) would be replaced with a significantly more detailed Statement of Revenue and Expense. This Statement of Revenue and Expense has been structured to enable the Commission and others to measure, more precisely, the source of a broker-dealer's income and expenses. The proposal states that this detail will enable the Commission to measure more accurately the effects of economic events, rule proposals and current regulations on the broker-dealer community.

In conjunction with the more detailed Statement of Revenue and Expense, the Commission is proposing that all but 300 of the largest firms be permitted to file less detailed revenue and expense data on a quarterly basis. Pursuant to this proposal, smaller firms would only be required to file the more detailed Statement of Revenue and Expense annually. Those eligible to submit the abbreviated income statement are firms whose total revenues were less than \$5 million and whose total assets were less than \$10 million during the prior calendar year.

The FOCUS Part IIA Report (the abbreviated version of Part II) is also being restructured so as to be compatible with the revised FOCUS Part II report.

### Elimination of Various Financial Schedules

In an effort to minimize the burden of the expanded income and expense reporting requirements which would be brought about by the proposed amendments, Schedules I, II, and III of Form X-17A-5 would be eliminated from the Fourth Quarter FOCUS II and IIA Report filings. Additionally, the Commission has also proposed the elimination of the Quarterly Survey of Specialists, a report which is presently filed by approximately 200 specialist firms. With the inclusion in the FOCUS Report of data now only available from this survey report, that reporting vehicle would no longer be necessary.

### Paragraph (d) of Rule 17a-5

Paragraph (d) of Rule 17a-5 would also be amended to require the filing of two copies of the Annual Audited Report of Financial Statements with the



Commission's principal office in Washington, D.C., instead of the one copy currently required.

\* \* \*

The above discussion briefly addresses the issues and proposed amendments to SEC Rule 17a-5 upon which the Commission is soliciting comment. A reprint of Release No. 34-17138 as contained in the September 18, 1980, edition of the Federal Register is incorporated in this notice. For a more complete explanation of the changes being proposed by the Commission in the FOCUS Reporting System, members are advised to review this release carefully.

In connection with the above, the Association strongly recommends that members and other interested parties provide the Commission with their written comments on the proposal. In order for such comments to receive consideration by the Commission, they should be received by the Commission on or before October 15, 1980, the comment period closing date. Comments to the Commission should be marked File No. S7-851 and directed to:

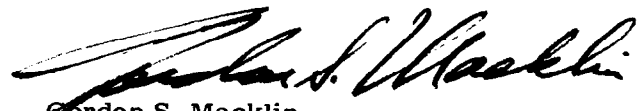
George A. Fitzsimmons, Secretary  
Securities and Exchange Commission  
500 North Capitol Street  
Washington, D.C. 20549

To assist the NASD's Capital and Margin Committee which will meet shortly to review the proposed amendments, the Association asks that each member complete the short form questionnaire included with this notice. Member input will be useful to the Committee in developing Association comments on these very important proposals. The Association will also be appreciative of receiving copies of any correspondence sent by members to the Commission on this subject. These duplicate copies can be directed to:

FOCUS Proposal  
Department of Regulatory Policy and Procedures  
National Association of Securities Dealers, Inc.  
1735 K Street, N.W.  
Washington, D.C. 20006

Finally, questions concerning this notice or the Commission proposed amendments to the FOCUS Reporting System can be directed to John J. Cox at (202) 833-7320 or Donald Catapano at (202) 833-7209.

Sincerely,

  
Gordon S. Macklin  
President

Attachment

**SECURITIES AND EXCHANGE  
COMMISSION****17 CFR Parts 240 and 249**

[Release No. 34-17138; File No. S7-851]

**FOCUS Reporting System;  
Requirements for Financial Reporting****AGENCY:** Securities and Exchange  
Commission.**ACTION:** Proposed amendments to Form  
and Rule 17a-5.

**SUMMARY:** The Commission proposes to revise and clarify certain financial and operational reporting requirements of the FOCUS reporting system and requests additional information to be used for regulatory and policy-making purposes by the Commission with respect to brokers and dealers. Certain forms now required would be eliminated. Paragraph (d) of Rule 17a-5 would be amended to require that two copies of the Annual Audited Report of Financial Statements be sent to the Commission's principal office in Washington, D.C., instead of the one copy currently required. This change is necessitated by the requirements of the Commission's micrographics program. In addition, the Commission requests interested persons to give their assessment of the present FOCUS reporting system and suggestions for modifying that system within the context of the proposed amendments.

**DATE:** Comments must be received on or before October 15, 1980.

**ADDRESSES:** All comments should be directed in triplicate to George A. Fitzsimmons, Secretary, Securities and Exchange Commission, 500 North Capitol Street, Washington, D.C. 20549. Comments should refer to File No. S7-851 and will be available for public inspection at the Commission's Public Reference Room, Room 6101, 1100 L Street, N.W., Washington, D.C.

**FOR FURTHER INFORMATION CONTACT:** James G. Moody, Division of Market Regulation, Securities and Exchange Commission, Washington, D.C. 20549, (202) 272-2370; or William J. Atkinson, Directorate of Economic and Policy Analysis, Securities and Exchange Commission, Washington, D.C. 20549, (202) 523-5493.

**SUPPLEMENTARY INFORMATION:** The Securities and Exchange Commission today announced proposed amendments to Part I, Part II, and Part IIA of Form X-17A-5 (17 CFR 249.617), a financial and operational combined uniform single report under the Securities Exchange Act of 1934. Schedules I, II, and III of

Form X-17A-5 and the Commission's Quarterly Survey of Specialists would be eliminated. The proposed amendments would revise the Form so as to clarify certain financial and operational reporting requirements of securities brokers and dealers, to require more detailed reporting of some items, and to eliminate or consolidate other items. Rule 17a-5 would be amended to require the filing of two copies of the annual audited report at the headquarters office instead of the single copy now required.

**Introduction**

Section 17(a)(1) of the Securities Exchange Act of 1934 provides that the Commission shall prescribe by rule the records to be kept and the reports to be made and disseminated by brokers and dealers. Under that section, the Commission has adopted Rule 17a-5 which is the basic reporting rule for brokers and dealers. It requires the filing of Form X-17A-5, the Financial and Operational Combined Uniform Single Report ("FOCUS Report"), which was the result of years of study and comment by representatives of the securities industry through advisory committees and through the normal rule proposal method.<sup>1</sup> The FOCUS Report was designed to eliminate all of the overlapping regulatory reports required by various self-regulatory groups and the Commission and to reduce reporting burdens as much as possible.

Rule 17a-5 requires three kinds of reports: (1) A monthly form (Part I of the FOCUS Report) which must be filed by every broker or dealer who clears transactions or carries customer securities; (2) a bifurcated quarterly reported composed of a comprehensive Part II which must be filed by every broker or dealer who clears transactions or carries customer accounts and a less detailed Part IIA which must be filed by brokers and dealers which do not clear transactions or carry customer accounts; and (3) an annual report that must be filed by every broker or dealer (with certain narrow exceptions) and audited by an independent public accountant.

The FOCUS Report and the annual audited report are the primary means of monitoring the financial condition of brokers and dealers and enforcing the financial responsibility rules. The completed forms are also used to determine which firms are engaged in various securities-related activities, the extent of those activities, and how economic events and government policies might affect various segments of the securities industry.

In the adopting release, the Commission stated its intention to periodically review the FOCUS Report

"\* \* \* in order to continue modifying and updating the financial and operational reporting systems to keep pace with the changing securities industry."<sup>2</sup> Because of the recent problems experienced in the securities industry and the changing nature of the business in the last several years, that time has come again. The amendments are proposed in this release (1) to provide more useful information that will assist the Commission in monitoring the operations and financial condition of broker-dealers and in evaluating the likely effect of proposed and existing regulations on the industry, (2) to define items more clearly so information will be reported in a consistent manner by all firms, and (3) to streamline the FOCUS Report and associated requirements so that the reporting burden is minimized, consistent with the attainment of other public policy objectives.

In general, changes are proposed to Part I of the FOCUS Report which would reorganize the Form so that it would follow a more logical progression from an accounting and operational viewpoint. Certain items such as a Schedule of Operational Exposure Items would be added to the Form, which would increase its value as a management and surveillance tool. The changes to Parts II and IIA of the FOCUS Report would require firms to disclose areas of potential exposure not now sought. Among other things, the form will request data on commodities and commodity futures contracts for delayed deliveries and standby transactions and affiliates and subsidiaries of the broker or dealer. The present Statement of Income (Loss) will be revised to provide more precise categories for revenue and expense items. Finally, certain schedules now required to be filed can be eliminated as unnecessary.

In reviewing the reporting requirements and in proposing amendments to the FOCUS Report, members of the Commission's staff have consulted informally with the staffs of self-regulatory organizations. Committees of the Securities Industry Association, broker-dealers, and accountants were also asked for and provided their views on changes to the reporting system. The recommended amendments to the FOCUS Report embody the contributions of all the parties.

<sup>1</sup> The Commission adopted the FOCUS Report as of January 1, 1976. See Securities Exchange Act Release No. 11935, December 17, 1975; 40 FR 59706, December 30, 1975.

<sup>2</sup> Id., at six.

**Proposed Amendments***Part I of Form X-17A-5 [§ 249.617] <sup>3</sup>*

Part I as amended would be completely reorganized and contain an appended Schedule of Operational Exposure Items. The revised Part I would follow a more logical progression from an accounting and operational viewpoint and would therefore have more value as a management and surveillance tool. The Commission would be especially interested in receiving comments from the public concerning the appropriate parameters for determining when a security or commodity position should be deemed concentrated.

*Part II of Form X-17A-5 [§ 249.617] <sup>4</sup>*

The proposed amendments discussed below are described in the order in which the particular statement or schedule appears in Part II.

(1) The cover page of Part II would be revised to indicate if subsidiaries or affiliates of a broker-dealer which are consolidated in accordance with Appendix C are guaranteed or flow-through and to clarify the distinction between broker-dealers that are required to file Part II from those that must file Part IIA.

A sentence will be added to the Execution block on the cover page referring the signing parties to a sample letter of representation which will be included in the general instructions. This proposal would give the parties signing the report an opportunity to review the representations they are making.

(2) Cash segregated in compliance with federal and other regulations [page one of Part II].<sup>5</sup>

This item would be expanded into separate categories consisting of cash segregated in compliance with SEC Rules 15c2-4 (Transmission or maintenance of payments received in connection with underwritings) and 15c3-3 (Customer protection-reserves and custody of securities) as well as the Commodity Exchange Act. The final category would be All other. This proposal would give a more meaningful picture of the broker-dealer's regulatory cash position.

(3) Omnibus accounts [page one of Part II].

This item would be amended to include a category for commodity accounts.

(4) Clearing organizations [page one of Part II].

<sup>3</sup>The text of the proposed amended Part I is appended hereto as Appendix A.

<sup>4</sup>The text of the proposed amended Part II is attached hereto as Appendix B.

<sup>5</sup>All page numbers in brackets refer to the current FOCUS Part II.

This item would also be amended to include a category for commodity accounts.

(5) Receivables from customers [page one of Part II].

The Securities accounts section of this item would include a category for Cash consisting of Delivery Versus Payment and Other. The Commodity accounts section of this item would include separate categories for regulated and other. The line items requesting information on assets "Includable in Formula for Reserve Requirements" would be eliminated.

(6) Receivables from non-customer [page one of Part II].

This item now consists of the combined categories of Cash and fully secured accounts and Partly secured and unsecured accounts. These items would be broken out into four independent categories and a category requesting data on commodity accounts would be added. This would generate a more comprehensive picture of receivables from non-customers.

(7) Securities purchased under agreements to resell [page one of Part II].

This item will have a new sub-category entitled Matched repurchase agreements. This will aid in determining the extent to which this type of business is currently being conducted by broker-dealers.

(8) Securities and spot commodities owned at market value [pages one and two of Part II]. This item would be amended to read "Securities and spot commodities owned at market value—including long positions in arbitrage accounts." The category that is now listed as Arbitrage would be eliminated. A new item, Direct participation programs, would be added.

(9) Securities Borrowed Under Subordination Agreements and Partners' Individual and Capital Securities Accounts, at Market Value [page two of Part II].

The instructions to this section would be amended to indicate clearly that, if a partner contributes capital through a secured demand note, the excess value of these securities over the face value of the secured note should also be added to this item.

(10) Secured demand notes-market value of collateral [page two of Part II].

A cash category would be added to this item to give a more complete picture.

(11) Other Assets [page two of Part II].

This item would be modified to require that any miscellaneous asset that is more than five percent of a broker-dealer's excess net capital be listed. A new category listing taxes receivable would be added to this item.

(12) Bank loans payable [page three of Part II].

New categories would be added to this item which would determine if the bank loans payable are collateralized by customer securities or assets which would not normally be deducted in computing net capital. A second new category would require the firm to report the amount of its bank overdrafts.

(13) Payable to brokers or dealers and clearing organizations [page three of Part II].

A Commodity accounts section would be added to the Omnibus and Clearing accounts categories under this item. A Securities Accounts section would also be added to the Clearing Organizations Section. Line items requesting information relating to Reserve Formula Computations (except for "securities loaned") would be eliminated.

(14) Payable to customers: [page three of Part II].

The Commodities accounts category under this item would be sub-divided to determine if the liability is includable in the Commodity Exchange Act Segregated Funds computation.

(15) Securities sold not yet purchased at market value—including arbitrage [page three of Part II].

The heading for this item would be changed to "Securities and commodities sold short—including short positions in arbitrage accounts." Sub-categories under this item would be added to correspond with those listed under Securities and spot commodities owned at market value. The options category under this item would be divided into covered and uncovered subcategories.

(16) Accounts Payable and Accrued Liabilities and Expenses [page three of Part II].

This item would be amended to combine line 23-B, Accounts Payable, and 23-E, Accrued expenses and other liabilities. This combination would eliminate any confusion concerning which items should be listed in each category.

(17) Notes and mortgages payable [page four of Part II].

The secured category would be expanded to determine if the notes and mortgages payable are secured by assets which would normally be deducted in computing net capital or by some other assets.

(18) Total subordinated liabilities.

This is a new item designed to differentiate between subordinated and unsubordinated liabilities.

(19) Total liabilities [page four of Part II].

This item would be modified to specify total subordinated liabilities.

(20) Commodity futures contracts and spot commodities—proprietary capital charges [page five of Part II].

Three sub-categories will be added to this item to determine if the proprietary capital charge applies to Financial futures, Precious metals, or Other.

(21) Deductions and/or charges [page five of Part II].

The total non-allowable assets from Statement of Financial Condition category of this item would be expanded to request data on charges related to exempt securities. The additional charges for customers and non-customers commodity accounts section would specifically refer to futures, forward and spot commodity accounts including omnibus accounts. The Commodity futures contracts and spot commodities proprietary capital section of this category would specifically include commodity forward contracts and the other deductions and/or charges section would be expanded to require data on specific types of deductions and charges.

(22) Haircuts on Securities: (computed where applicable pursuant to 15c3-1(f); [page five of Part II].

The Contractual securities commitments category of this item would be expanded to request data on charges related to exempt and non-exempt securities. The Subordinated securities borrowings category would be changed to suspense accounts and the Options section of the Trading and Investment securities category would specify if the options are covered or uncovered.

(23) Capital Ratios [page six of Part II].

The instructions to these items would be amended to make clear that all ratios should be reported as whole percents.

(24) Statement of Income (Loss) [page seven of Part II].

The Statement of Income (Loss) would be replaced by a new, more detailed Statement of Revenue and Expense.<sup>6</sup> The new Statement will enable the Commission to better identify which firms are involved in various securities-related activities and to determine the amount of revenues firms derive from these activities. These data will be useful to the Commission in considering the effects of economic events and public policies on various segments of the securities industry, and it will also be useful to the securities industry for managerial and financial planning purposes. Retail mark-ups/mark-downs would be reported separately from other gains (losses) on principal transactions. Gains (losses) from making a market, on an exchange or over the counter, in various kinds of securities would be reported separately. Gains (losses) would be further classified into four

categories: interest, dividends, other realized gains (losses), and unrealized gains (losses). Underwriting and other investment banking activities would be subclassified. Interest income and expense would be segmented into major categories in order to provide a better picture of how firms finance their securities-related activities and the amount of income they obtain by lending funds to customers and other firms.

Comments are requested regarding the merits of a proposal to allow smaller firms to file less detailed revenue and expense data on a quarterly basis. Under this proposal, only about three hundred of the largest firms would be required to file a more detailed Statement on a quarterly basis. These firms account for 95% of the securities industry's total assets and 85% of its gross revenues. The remainder of the industry would be required to file the more detailed Statement on an annual basis. Firms filing the more detailed Statement on an annual basis would be required to file a condensed version of the Statement quarterly. Smaller firms could also choose, voluntarily, to file the more detailed data quarterly.

(25) Monies borrowed collateralized by securities carried for the accounts of customers (see Note B) [page eight of Part II].

This item would be modified to read Monies borrowed and letters of credit collateralized by securities carried for the accounts of customer (see Note B).

(26) Market Value of short securities count differences over 30 calendar days old [page eight of Part II].

The words "or seven days if net capital is computed under Rule 15c3-1(f)" would be added to this item.

(27) Market value of short securities and credits (not to be offset by longs or by debits) in all suspense accounts over 30 calendar days [page eight of Part II].

The words "or seven days if net capital is computed under Rule 15c3-1(f)" would be added to this item.

(28) Information for Possession or Control Requirements (Under Rule 15c3-3) [page nine of Part II].

The sub-category concerning customers' fully paid and excess margin securities not in the possession of the broker-dealer has been deleted, as this figure is seldom used and often unreliable. In addition the reference notes currently found in § 240.15c3-3 would be added to Part II as a handy reference.

(29) Financial and Operational Data [page thirteen of Part II].

The Financial and Operational Data report will be replaced by a more comprehensive two-part report entitled

Operational Exposure Items.<sup>7</sup>

*Part IIA of Form X-17A-5* [§ 249.617]<sup>8</sup>

Part IIA of the FOCUS Report would be amended to make item in Part II and IIA comparable.

*Schedule I*

Schedule I of Form X-17A-5 requires the reporting of general information designed to measure certain economic and financial characteristics of a registered broker or dealer. Schedule I is a calendar year unconsolidated report which is filed by all registrants as a supplement to the regular fourth quarter Part II or IIA of Form X-17A-5 within seventeen business days after the end of the quarter. Certain information contained in Schedule I would be incorporated in Parts II and IIA in a new two-part report entitled Operational Data and Average Securities and Commodities Positions.<sup>9</sup> Schedule I would be eliminated.

*Schedule II*

Schedule II of Form X-17A-5 requires the listing of annual revenue and expense items, annual net income, and certain balance sheet items on both a consolidated and unconsolidated basis. The income and expense figures reported on Schedule II reflect the aggregate of all income and expenses during the calendar year. Schedule II of Form X-17A-5 will be eliminated.

*Schedule III*

Schedule III of Form X-17A-5 is an unconsolidated report required to be filed by any broker or dealer which files Part II of Form X-17A-5 and has annual gross revenue related to their securities business of \$10 million or more for a calendar year. Schedule III of Form X-17A-5 will be eliminated.

*Rule 17a-5* (§ 240.17a-5)

Paragraph (d) of Rule 17a-5 would be amended to require that two copies of the Annual Audited Report of Financial Statements be sent to the Commission's principal office in Washington, D.C., instead of the one copy currently required. This change is necessitated by the requirements of the Commission's micrographics program.

**Impact on the Securities Industry**

About 4,800 firms file Schedule I and about 3,000 firms file Schedule II annually. The elimination of these schedules would reduce the industry's

<sup>7</sup> The text of the proposed Operational Exposure Items is attached hereto as Appendix D.

<sup>8</sup> The text of the proposed amended Part IIA is attached hereto as Appendix E.

<sup>9</sup> The text of the proposed report is attached hereto as Appendix F.

<sup>6</sup> The text of the proposed Statement of Revenue and Expense is attached hereto as Appendix C.

reporting burden by about 648,000 line items per year. Schedule III is filed annually by approximately 125 firms. The elimination of this schedule would reduce the industry's reporting burden by about 12,500 items per year.

In addition, the Commission proposes to eliminate its quarterly Survey of Specialists which is filed by approximately 200 firms. Certain data now available only from this survey would be required under the proposed amendments to the FOCUS Report: (1) specialists' floor brokerage received on assigned stocks and options; (2) specialists', trading gains (losses) in assigned stocks and options; and (3) specialists' long and short positions in assigned stocks and options. The elimination of the survey would reduce the industry's reporting burden by about 70,000 line items per year.

More detailed reporting requirements in Parts II and IIA would largely offset the aforementioned reduction in the industry's reporting burden. In addition, Part I would be expanded to contain a new section on Operational Exposure Items. The additional information required is, however, both relevant and necessary to the Commission's regulatory and policy-making concerns.

The Commission does not believe that the proposed amendments to the FOCUS Report would unduly increase the reporting burden on the securities industry. Nevertheless, the Commission requests comments (accompanied by specific factual data, if possible) regarding the impact of the proposed amendment to the FOCUS Report on the securities industry.

**Instructions**

No instructions are being published for comment at this time. However, the Commission expects to review all of the current instructions to ensure their accuracy. No major changes are contemplated in the instructions. Brokers and dealers and others who prepare the reports for filing are requested to advise the Commission of any difficulties they have experienced with the instructions.

**Conclusion**

The Commission believes that the new information requested of brokers and dealers will not generally require much additional effort from brokers and dealers in preparing the FOCUS Report. It is believed that most of the data requested is presently captured by brokers and dealers for internal control purposes. Moreover, by proposing less stringent reporting requirements for small firms, the Commission has attempted to bring into better balance the regulatory burden imposed on

broker-dealers of different sizes and, in particular, to reduce the reporting burden on small businesses engaged in securities activities. This regulatory approach has been successfully implemented with respect to small corporate issuers, and it is the Commission's intention to experiment further with such innovative regulatory techniques. The Commission requests comment on this as well as on any other aspect of the reporting program of the Commission.

Accordingly, the Commission proposes to amend Parts 240 and 249 of Title 17 of the Code of Federal Regulations as follows:

**PART 240—GENERAL RULES AND REGULATIONS, SECURITIES EXCHANGE ACT OF 1934**

1. By amending paragraph (d)(6) of § 240.17a-5 to read as follows:

**§ 240.17a-5 Reports to be made by certain brokers and dealers.**

\* \* \* \* \*

(d) \* \* \*

(6) One copy of the annual audit report shall be filed at the regional office of the Commission for the region in which the broker or dealer has its principal place of business and the principal office of the designated examining authority for said broker or dealer. Two copies of said report shall be filed at the Commission's principal office in Washington, D.C. Copies thereof shall be provided to all self-regulatory organizations of which said broker or dealer is a member.

\* \* \* \* \*

**PART 249—FORMS SECURITIES EXCHANGE ACT OF 1934**

2. By amending § 249.617 as follows:

**§ 249.617 Form X-17A-5, information required of certain brokers and dealers pursuant to section 17 of the Securities Exchange Act of 1934 and § 240.17a-5, § 240.17a-10, § 240.17a-11, and § 240.17a-20 of this chapter.**

[The proposed amendments are attached as Appendices A to F.]

**Statutory Basis and Competitive Considerations**

Pursuant to the Securities Exchange Act of 1934 and particularly section 15(c)(3), 17 and 23 thereof, 15 U.S.C. 78o(c)(3), 78q and 78w, the Commission proposes to amend 17 CFR 249.617 in Part 240 of Chapter II of Title 17 of the Code of Federal Regulations in the manner set forth above. The Commission believes that any burden imposed upon competition by the proposed amendment is necessary and appropriate in furtherance of the

purposes of the Act, and particularly to implement the Commission's continuing mandate under section 15(c)(3) thereof, 15 U.S.C. 78o(c)(3), to provide minimum safeguards with respect to the financial responsibility of brokers and dealers.

**Request for Comments**

All interested persons are invited to submit, in triplicate, their written views and comments concerning the amendments to § 240.17a-5(d)(6) and § 249.617 proposed herein. All communications should be addressed to George A. Fitzsimmons, Secretary, Securities and Exchange Commission, 500 North Capitol Street, Washington, D.C. 20549, no later than October 15, 1980. All comments received will be available for public inspection.

By the Commission,  
George A. Fitzsimmons,  
Secretary.

September 9, 1980.

Name of Broker/Dealer	
Name and Telephone No. of Person Completing This Report	
ID No.	FOR MONTH (IN THOUSANDS - 000's OMITTED)
SEC File No.	

ITEM	MONTH
1710	1. Subordinated Loan Accounts - Cash
880	2. Secured Demand Notes - Face Value
102	3. Secured Demand Notes - Collateral Value
3520	4. Total Subordinations Allowable for Net Capital
1011	5. Total Equity Subordinations
3950	6. Unconsolidated Income/Expense for the Month:
4212	a. Trading and Investment Account Profit or (Loss)
4201	b. Other Gross Income (Loss)
	c. Expenses
	d. Income Taxes
	7. Net Profit or (Loss) for the Month
	8. Other Additions (Exclude Non-Conforming Capital)
	9. Other Deductions (Exclude Non-Conforming Capital)
3500	10. Ownership Equity/Capital -- End of Month
3530	11. Total Debt/Equity
	Charges to Capital
	12. Customers' and Non-Customers' Security Accounts
	a. Cash Margin Deficiency - Exempt Securities
	b. Cash Margin Deficiency - Non-Exempt Securities
3560	13. Customers' and Non-Customers' Commodity Accounts
	14. Money Suspense/Security Suspense/Short Security Differences
	15. Commodity Suspense
3540	16. Unsecured Loans and Advances
101	17. Non-Allowable Assets (Not Includable Above)
	18. Haircuts on Commodities
	19. Other Charges to Capital
	20. Tentative Net Capital Line 11 less 12 thru 19
	21. Haircuts on Proprietary Security Positions
	a. Exempt Securities - Including Contractual Commitments
	b. Non-Exempt Securities - Including Contractual Commitments
3740	22. Total Haircuts on Securities
3750	23. Net Capital Line 20 less 22
	24. Scheduled Capital Withdrawals Within 6 Months
	25. Net Capital After Withdrawals Line 23 less 24
	26. A.I./A.D.I.
3840	a. Aggregate Indebtedness under SEC Rule 15c3-1
4470	b. Aggregate Debits under SEC Rule 15c3-3 as adjusted
3760	27. Minimum Net Capital Required
	28. Ratios: and excess Net Capital
3850	a. Aggregate Indebtedness to Net Capital
3851	b. Net Capital to Aggregate Debit Items
3770	c. Net Capital in Excess of Greater of 5 2/3% of AI or Minimum
3910	d. Net Capital in Excess of Greater of 4% of ADI or Minimum
3852	e. Option Deductions Net Capital Ratio
	Rule 15c3-3 Reserve Formula
4430	29. Total Credits
4472	30. Total Debits - net
4530	31. Net Amount in Reserve Bank Account
	Commodity Exchange Act - Segregation Requirement
7060	32. Amount Required to be Segregated
7180	33. Amount in Segregated
	Exposure Information
	34. Firm Security Positions [including contractual commitments]
850	a. Long - Exempt
	- Non-Exempt
1620	b. Short - Exempt
	- Non-Exempt
	35. Security Concentration - Firm
	- Customer
	36. Commodity Concentration - Firm
	- Customer
	Statistical Information
4980	37. Total Tickets
114	38. Equity Markets a. NASDAQ
116	b. Other
770	39. Total Fails a. To Deliver
1505	b. To Receive
5362	40. Aged Fails a. To Deliver
5365	b. To Receive
	41. Clearing Agency Balances
810	a. Due from Clearing
1560	b. Due to Clearing
750	42. Unrestricted Cash
	43. Customers' Accounts (Securities)
310	a. Secured Debits
	b. Total Credits
103	44. Securities Borrowed
540	45. Allowable Assets under SEC Rule 15c3-1

FOCUS REPORT PART I - APPENDIX A

Name of Broker/Dealer	
Name and Telephone No. of Person Completing This Report	
ID No.	FOR MONTH
SEC File No.	(IN THOUSANDS - 000's OMITTED)

Operational Exposure Items

	No. of Items	Debits (Short Value)	Credits (Long Value)	Deductions in Computing Net Capital
1. Money suspense and balancing differences	_____	_____	_____	_____
2. Securities differences with money balances unresolved at report date	_____	_____	_____	_____
3. Market value of short and long security differences without money at report date (other than reported in Item 4 below)	_____	_____	_____	_____
4. Market value of security record breaks	_____	_____	_____	_____
5. Unresolved reconciling differences with others at report date	_____	_____	_____	_____
A. Correspondents and broker/dealers	_____	_____	_____	_____
B. Depositories	_____	_____	_____	_____
C. Clearing Organizations	_____	_____	_____	_____
D. Inter-company and inter-office accounts	_____	_____	_____	_____
E. Bank Loans	_____	_____	_____	_____
F. Bank Accounts	_____	_____	_____	_____
G. Other	_____	_____	_____	_____
6. Open transfers and reorganization account items over 40 days not confirmed or verified	_____	_____	_____	_____
TOTAL	_____	_____	_____	_____
7. Commodity suspense differences unresolved at report date	_____	_____	_____	_____

Note - Exclude items that were resolved two business days subsequent to the reporting date that were not required to be deducted in computing net capital at the report date.

FORM X-17A-5  
 FOCUS REPORT  
 (Financial and Operational Combined Uniform Single Report)  
 PART II

(Please read instructions before preparing Form.)

This report is being filed pursuant to (Check Applicable Block(s)):

- 1) Rule 17a-5(a)       2) Rule 17a-5(b)       3) Rule 17a-11   
 4) Special request by designated examining authority       5) Other

Name of Broker-Dealer \_\_\_\_\_ SEC File No. \_\_\_\_\_

Address of Principal Place of Business (Do Not Use P.O. Box No.) \_\_\_\_\_ Firm ID. No. \_\_\_\_\_

(No. and Street)

For Period Beginning (MM/DD/YY)

(City) (State) (Zip Code)

And Ending (MM/DD/YY)

Name and Telephone Number of Person to Contact in Regard to This Report \_\_\_\_\_ (Area Code) - Telephone No. \_\_\_\_\_

Name(s) of Subsidiaries or Affiliates Consolidated in This Report Pursuant to Appendix C of Rule 15c3-1:

Guaranteed      Flow-Thru

	Guaranteed	Flow-Thru
_____	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>

Does Respondent Carry Customer Accounts?      Yes       No

Does Respondent Clear Transactions?      Yes       No

(If you checked "Yes" to either of the two preceding questions, please complete Part II in lieu of Part IIA.)

Was the respondent operating under the alternative method for the computation of the net capital requirement during the reporting period?      Yes       No

Is respondent filing an audited report?      Yes       No

Execution:

The registrant/broker or dealer submitting this Form and its attachments and the person(s) by whom it is executed represent hereby that all information contained therein is true, correct and complete. It is understood that all required items, statements, and schedules are considered integral parts of this Form and that the submission of any amendment represents that all unamended items, statements and schedules remain true, correct and complete as previously submitted. See letter of representation included in the General Instructions.



**TO BE COMPLETED WITH THE ANNUAL AUDIT REPORT ONLY:**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report

Name (If individual, state last, first, middle name)

70

ADDRESS      Number and Street      City      State      Zip Code

71      72      73      74

Check One

- ( ) Certified Public Accountant      75      FOR SEC USE
- ( ) Public Accountant      76      [ ] [ ]
- ( ) Accountant not resident in United States or any of its possessions      77

DO NOT WRITE UNDER THIS LINE . . . FOR SEC USE ONLY

WORK LOCATION	REPORT DATE MM/DD/YY	DOC. SEQ. NO.	CARD				
60	51	52	53				

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART II

Broker or Dealer

STATEMENT OF FINANCIAL CONDITION

As of (MM/DD/YY) \_\_\_\_\_  
SEC File No. \_\_\_\_\_

Consolidated

Unconsolidated

ASSETS

	<u>Allowable</u>	<u>Nonallowable</u>	<u>Total</u>
1. Cash.....\$	_____	_____	\$ _____
2. Cash segregated in compliance with federal and other regulations:			
A. SEC Rule 15c2-4.....	_____	_____	_____
B. SEC Rule 15c3-3.....	_____	_____	_____
C. Commodity Exchange Act.....	_____	_____	_____
D. Other.....	_____	_____	_____
E. Total.....	_____	_____	_____
3. Receivables from brokers or dealers and clearing organizations:			
A. Failed to deliver.....	_____	_____	_____
B. Securities borrowed:			
(1) Customer	_____	_____	_____
(2) Non-Customer	_____	_____	_____
C. Omnibus accounts:			
(1) Securities Accounts.....	_____	_____	_____
(2) Commodities Accounts:			
a. Includable in CEA Segregated Funds Computation.....	_____	_____	_____
b. Other.....	_____	_____	_____
D. Clearing organizations:			
(1) Securities Accounts.....	_____	_____	_____
(2) Commodities Accounts:			
a. Includable in CEA Segregated Funds Computation.....	_____	_____	_____
b. Other.....	_____	_____	_____
E. Other.....	_____	_____	_____
4. Receivables from customers:			
A. Securities Accounts:			
(1) Cash accounts:			
a. DVP Accounts	_____	_____	_____
b. Other	_____	_____	_____
(2) Fully secured accounts.....	_____	_____	_____
(3) Partly secured accounts.....	_____	_____	_____
(4) Unsecured accounts.....	_____	_____	_____
B. Commodity accounts			
(1) Regulated.....	_____	_____	_____
(2) Other.....	_____	_____	_____
C. Allowance for doubtful accounts.....( ) ( )	_____	_____	_____

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART II

Broker or Dealer \_\_\_\_\_

as of \_\_\_\_\_

STATEMENT OF FINANCIAL CONDITION

5. Receivables from non-customers:			
A. Cash accounts.....	_____		
B. Fully secured accounts.....	_____		
C. Partly secured accounts.....	_____		
D. Unsecured accounts.....	_____	_____	
E. Commodity accounts.....	_____	_____	
F. Total non-customers.....	_____	_____	
6. Securities purchased under agreements to resell:			_____
A. Matched repurchase agreements.....	_____	_____	
B. All other.....	_____	_____	
C. Total.....	_____	_____	
7. Securities and spot commodities owned, at market value -- including long positions in arbitrage accounts:			
A. Bankers' acceptances, certificates of deposit and commercial paper.....	_____		
B. U.S. and Canadian government obligations	_____		
C. State and municipal government obligations..	_____		
D. Corporate obligations.....	_____		
E. Stocks and warrants.....	_____		
F. Options.....	_____		
G. Direct participation programs.....	_____		
H. All other securities.....	_____		
I. Spot commodities.....	_____		
J. Total.....	_____		
8. Securities owned not readily marketable:			
A. At cost..... \$ _____			
B. At estimated fair value.....	_____		
9. Other investments not readily marketable:			
A. At cost..... \$ _____			
B. At estimated fair value.....	_____		
10. Securities borrowed under subordination agreements and partners' individual and capital securities accounts, at market value			
A. Exempted securities.... \$ _____			
B. Other..... \$ _____			
11. Secured demand notes.....	_____	_____	_____
Market value of collateral:			
A. Exempted securities.... \$ _____			
B. Other securities..... \$ _____			
C. Cash..... \$ _____			
12. Memberships in exchanges:			
A. Owned at market value.. \$ _____			
B. Owned at cost.....	_____		
C. Contributed for use of company, at market value.....	_____		
13. Investment in and receivables from affiliates, subsidiaries and associated partnerships.....	_____	_____	_____

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART II

Broker or Dealer \_\_\_\_\_

as of \_\_\_\_\_

STATEMENT OF FINANCIAL CONDITION

14. Property, furniture, equipment, leasehold improvements and rights under lease agreements: At cost (net of accumulated depreciation and amortization).....	_____	_____	_____
15. Other Assets:			
A. Dividends and interest receivables.....	_____	_____	_____
B. Free shipments.....	_____	_____	_____
C. Loans and advances.....	_____	_____	_____
D. Taxes receivable.....	_____	_____	_____
E. Miscellaneous (list if allowable is over 5% of excess net capital)	_____	_____	_____
16. TOTAL ASSETS.....	\$ _____	\$ _____	\$ _____

LIABILITIES AND OWNERSHIP EQUITY

<u>Liabilities</u>	<u>A. I. Liabilities*</u>	<u>Non-A. I. Liabilities*</u>	<u>Total</u>
17. Bank loans payable:			
A. Collateralized by customer securities.....	_____	_____	_____
B. Collateralized by assets which would normally be deducted in computing net capital.....	_____	_____	_____
C. Bank overdrafts.....	_____	_____	_____
D. Other.....	_____	_____	_____
18. Securities sold under repurchase agreements:			
A. Matched repurchase agreements.....	_____	_____	_____
B. All other.....	_____	_____	_____
C. Total.....	_____	_____	_____
19. Payable to brokers or dealers and clearing organizations:			
A. Failed to receive.....	_____	_____	_____
B. Securities loaned:			
(1) Customer related.....	_____	_____	_____
(2) Other.....	_____	_____	_____
C. Omnibus accounts:			
(1) Securities Accounts.....	_____	_____	_____
(2) Commodity Accounts:			
a. Includable in CEA Computation.....	_____	_____	_____
b. Other.....	_____	_____	_____
D. Clearing organizations:			
(1) Securities Accounts.....	_____	_____	_____
(2) Commodity Accounts:			
a. Includable in CEA Computation.....	_____	_____	_____
b. Other.....	_____	_____	_____
E. Other.....	_____	_____	_____

\*If registrant computes its capital under the alternative net capital requirement, only the totals are applicable.

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART II

Broker or Dealer \_\_\_\_\_ as of \_\_\_\_\_

STATEMENT OF FINANCIAL CONDITION

20. Payable to customers:			
A. Securities accounts -- including free credits of.....	\$ _____	_____	_____
B. Commodities accounts:			
(1) Includable in CEA Computation.....	_____	_____	_____
(2) Other.....	_____	_____	_____
21. Payable to non-customers:			
A. Securities accounts.....	_____	_____	_____
B. Commodities accounts.....	_____	_____	_____
22. Securities and commodities sold short -- including short positions in arbitrage accounts:			
A. Bankers acceptances, certificates of deposit and commercial paper.....	_____	_____	_____
B. U.S. and Canadian government obligations....	_____	_____	_____
C. State and municipal government obligations..	_____	_____	_____
D. Corporate obligations.....	_____	_____	_____
E. Stocks and warrants.....	_____	_____	_____
F. Options:			
(1) Covered or hedged.....	_____	_____	_____
(2) Uncovered.....	_____	_____	_____
G. Other securities.....	_____	_____	_____
H. Spot commodities.....	_____	_____	_____
I. Total.....	_____	_____	_____
23. Accounts payable and accrued liabilities and expenses:			
A. Drafts payable.....	_____	_____	_____
B. Accounts payable, accrued expenses and other liabilities.....	_____	_____	_____
C. Income taxes payable.....	_____	_____	_____
D. Deferred Income taxes.....	_____	_____	_____
E. Other.....	_____	_____	_____
24. Notes and mortgages payable:			
A. Unsecured.....	_____	_____	_____
B. Secured:			
(1) Secured by assets which would normally be deducted in computing net capital.....	_____	_____	_____
(2) Other.....	_____	_____	_____
25. TOTAL UNSUBORDINATED LIABILITIES.....	\$ _____	\$ _____	\$ _____

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
Part II

Broker or Dealer \_\_\_\_\_

as of \_\_\_\_\_

STATEMENT OF FINANCIAL CONDITION

26. Liabilities subordinated to claims of general creditors:

A. Cash borrowings.....	_____	_____	_____
1. From outsiders.....\$	_____		
2. Includes equity subordination (15c3-1(d)) of.....\$	_____		
B. Securities borrowings, at market value: From outsiders.....\$	_____		
C. Pursuant to secured demand note collateral agreements:			
1. From outsiders.....\$	_____		
2. Includes equity subordination (15c3-1(d)) of.....\$	_____		
D. Exchange memberships contributed for use of company at market value.....	_____		
E. Accounts and other borrowings not qualified for net capital purposes.....	_____		

27. TOTAL SUBORDINATED LIABILITIES..... \$ \_\_\_\_\_ \$ \_\_\_\_\_ \$ \_\_\_\_\_

Ownership Equity

28. Sole proprietorship.....		\$ _____
29. Partnership-limited partners.....\$ _____		_____
30. Corporations:		
A. Preferred stock.....		_____
B. Common stock.....		_____
C. Additional paid-in capital.....		_____
D. Retained earnings.....		_____
E. Total.....		_____
F. Less capital stock in treasury.....		( _____ )

31. TOTAL OWNERSHIP EQUITY \$ \_\_\_\_\_

32. TOTAL LIABILITIES AND OWNERSHIP EQUITY \$ \_\_\_\_\_

FINANCIAL FOOTNOTES

I. For each subsidiary or affiliate which is consolidated pursuant to Appendix C of Rule 15c3-1, provide the following information:

Name of Subsidiary or Affiliate: \_\_\_\_\_  
 Nature of Business: \_\_\_\_\_

Guaranteed  Flow-Through

Total assets..... \$ \_\_\_\_\_

Liabilities:

Subordinated..... \$ \_\_\_\_\_

Other..... \$ \_\_\_\_\_

Ownership equity..... \$ \_\_\_\_\_

Net capital of the subsidiary or affiliate after eliminations and deductions specified in SEC Rule 15c3-1..... \$ \_\_\_\_\_

Net capital requirement if any (1)..... \$ \_\_\_\_\_

State net increase (decrease) parent's net capital..... \$ \_\_\_\_\_

Net income or (loss) before Federal Income Taxes..... \$ \_\_\_\_\_

Intercompany receivables or (payables)..... \$ \_\_\_\_\_

Were these assets, liabilities and ownership equity consolidated in the broker/dealer's net capital computation under Rule 15c3-1? Yes  No

II. Where not deducted in computing net capital, state the amount of unsecured or partially secured liabilities guaranteed by the broker or dealer, its guaranteed subsidiary or capital flow through affiliate. \$ \_\_\_\_\_

III. State the total amount of outstanding letters of credit commitments (including use for options and commodities).

Fully secured..... \$ \_\_\_\_\_

Unsecured..... \$ \_\_\_\_\_

IV. During the current period, has the organization been the subject of an investigation or proceeding by any government agency or self-regulatory organization? Yes  No

V. During the current period, has the organization been named as a defendant in any new litigation or arbitration proceeding or subjected to claims aggregating in excess of 5% of its net capital or \$10,000 or more by a customer? Yes  No  If yes, submit detail.

Aggregate Amount..... \$ \_\_\_\_\_

VI. Contingencies

If not shown elsewhere in this report, describe total contingent liabilities which if deducted in computing net capital would result in a capital deficiency under Rule 15c3-1 or capital rules of the designated examining authority.

VII. Management projection of any major change which would affect a change in the firm's Excess Net Capital of at least 5% during the next six months.

Amount..... \$ \_\_\_\_\_

Describe significant changes including new product lines, branches acquisition, mergers, contracts, acquisition of non-allowable assets, expansion of customer or proprietary business, operating profits or losses, capital outflow, additional financing and computer systems.

VIII. SECURITY AND COMMODITY CONCENTRATION

	<u>FIRM</u>		<u>CUSTOMER</u>		<u>FIVE</u>	
	<u>POSITIONS</u>		<u>POSITIONS</u>		<u>LARGEST</u>	
	<u>LONG</u>	<u>SHORT</u>	<u>LONG</u>	<u>SHORT</u>	<u>LONG</u>	<u>SHORT</u>
NAME OF EQUITY SECURITY *						
NAME OF COMMODITY - SPOT, FORWARD OR FUTURES *						
* BASED ON EXCEPTION REPORTING CRITERIA						

\* \* \* \*

	<u>Ledger Balance</u>	<u>Market Value</u>
IX. a. FAILED TO DELIVER - 11 BUSINESS DAYS OR LONGER (21 BUSINESS DAYS OR LONGER FOR MUNICIPAL SECURITIES)	_____	_____
b. FAILED TO RECEIVE - 11 BUSINESS DAYS OR LONGER (21 BUSINESS DAYS OR LONGER FOR MUNICIPAL SECURITIES)	_____	_____



FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART II

BROKER OR DEALER \_\_\_\_\_ as of \_\_\_\_\_

COMPUTATION OF NET CAPITAL

- 1. Total ownership equity (from Statement of Financial Condition)..... \$ \_\_\_\_\_
- 2. Deduct: Ownership equity not allowable for net capital..... ( \_\_\_\_\_ )
- 3. Total ownership equity qualified for net capital..... \_\_\_\_\_
- 4. Add:
  - A. Liabilities subordinated to claims of general creditors allowable in computation of net capital..... \_\_\_\_\_
  - B. Other (deductions) or allowable credits (List)..... \_\_\_\_\_
- 5. Total capital and allowable subordinated liabilities..... \$ \_\_\_\_\_
- 6. Deductions and/or charges:
  - A. Total non-allowable assets from Statement of Financial Condition (Note B and C)..... \$ \_\_\_\_\_
    - 1. Additional charges for customers' and non-customers' security accounts..... \_\_\_\_\_

Charges related to exempt securities:

	<u>Actual Positions</u>	<u>Contractual Positions</u>
Charge included in 6.A.1. above		
Total deficits in accounts	_____	_____
Face amount long	_____	_____
Face amount short	_____	_____

- 2. Additional charges for customers' and non-customers' futures, forward and spot commodity accounts including omnibus accounts..... \$ \_\_\_\_\_
- B. Aged fail-to-deliver: .....
- C. Aged short security differences--less reserve of.....  
number of items.....
- D. Secured demand note deficiency.....
- E. Commodity futures and forward contracts and spot commodities--proprietary capital charges.....
  - 1. Financial futures including foreign currencies.....
  - 2. Precious metals.....
  - 3. Other.....
- F. Other deductions and/or charges .....
- 1. Securities dividends short.....
- 2. Deficits in failed to receive and securities loaned.....
- 3. Insurance claims.....
- 4. Losses on contractual commitments.....
  - Exempt securities.....
  - Non-exempt.....
- 5. Guarantees.....
- 6. Miscellaneous.....
- 7. Total.....

G. Deductions for accounts carried under Rule 15c3-1  
(a)(6), (a)(7) and (c)(2)(x)..... \_\_\_\_\_

H. Total deductions and/or charges..... \_\_\_\_\_

7. Other additions and/or allowable credits (List)..... \_\_\_\_\_

8. Net Capital before haircuts on securities positions..... \$ \_\_\_\_\_

9. Haircuts on securities: (computed, where applicable,  
pursuant to 15c3-1 (f) ):

A. Contractual securities commitments..... \_\_\_\_\_

1. Charges related to exempt securities:

	<u>Contractual Positions</u>
Charges included in above	_____
Total mark to market losses	_____
Face amount long	_____
Face amount short	_____

2. Charges related to non-exempt securities..... \_\_\_\_\_

B. Suspense and difference accounts..... \_\_\_\_\_

C. Trading and investment securities:

1. Bankers' acceptances, certificates of deposit  
and commercial paper..... \_\_\_\_\_

2. U.S. and Canadian government obligations ..... \_\_\_\_\_

3. State and municipal government obligations..... \_\_\_\_\_

4. Corporate obligations..... \_\_\_\_\_

5. Stocks and warrants..... \_\_\_\_\_

6. Options:

a. Covered or hedged..... \_\_\_\_\_

b. Uncovered..... \_\_\_\_\_

7. Arbitrage..... \_\_\_\_\_

8. Other securities..... \_\_\_\_\_

D. Undue concentration..... \_\_\_\_\_

E. Other (list)..... \_\_\_\_\_

10. Net Capital..... \$ \_\_\_\_\_  
OMIT CENTS

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART II

BROKER OR DEALER	as of _____
------------------	-------------

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

**Part A**

11. Minimum net capital required (6-2/3% of line 10) .....	\$	3756
12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A) .....	\$	3758
13. Net capital requirement (greater of line 11 or 12) .....	\$	3760
14. Excess net capital (line 10 less 13) .....	\$	3770
15. Excess net capital at 1000% (line 10 less 10% of line 10) .....	\$	3780

COMPUTATION OF AGGREGATE INDEBTEDNESS

16. Total A.I. liabilities from Statement of Financial Condition .....	\$	3790
17. Add:		
A. Drafts for immediate credit .....	\$	3800
B. Market value of securities borrowed for which no equivalent value is paid or credited .....	\$	3810
C. Other unrecorded amounts (List) .....	\$	3820
18. Deduct: Adjustment based on deposits in Special Reserve Bank Accounts (15c3-1 (c) (1) (vii)) .....	\$	3838
19. Total aggregate indebtedness .....	\$	3840
20. Percentage of aggregate indebtedness to net capital (line 10 ÷ by line 10) .....	%	3850
21. Percentage of Aggregate Indebtedness to net capital <u>after</u> anticipated capital withdrawals (line 19 ÷ by line 10 less item 4880 page 11) .....	%	3853

COMPUTATION OF ALTERNATE NET CAPITAL REQUIREMENT

**Part B**

22. 4% of combined aggregate debit items as shown in Formula for Reserve Requirements pursuant to Rule 15c3-3 prepared as of the date of the net capital computation including both brokers or dealers and consolidated subsidiaries' debits .....	\$	3870
23. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A) .....	\$	3880
24. Net capital requirement (greater of line 22 or 23) .....	\$	3760
25. Excess net capital (line 10 less 24) .....	\$	3910
26. Percentage of Net Capital to Aggregate Debits (line 10 ÷ by line 17 page 8) .....	%	3851
27. Percentage of Net Capital, <u>after</u> anticipated capital withdrawals, to Aggregate Debits (line 10 less item 4880 page 11 ÷ by line 17 page 8) .....	%	3854
28. Net capital in excess of the greater of:		
A. 6% of combined aggregate debit items or \$120,000 .....	\$	3920
B. 7% of combined aggregate debit items or \$120,000 .....	\$	3930

OTHER RATIOS

**Part C**

29. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1 (d) .....	%	3860
30. Options deductions/Net Capital ratio (1000% test) total deductions exclusive of liquidating equity under Rule 15c3-1(a)(6), (a)(7) and (c)(2)(x) ÷ Net Capital .....	%	3852

NOTES:

- (A) The minimum net capital requirement should be computed by adding the minimum dollar net capital requirement of the reporting broker dealer and, for each subsidiary to be consolidated, the greater of:
  1. Minimum dollar net capital requirement, or
  2. 6-2/3% of aggregate indebtedness or 4% of aggregate debits if alternative method is used.
- (B) Do not deduct the value of securities borrowed under subordination agreements or secured demand notes covered by subordination agreements not in satisfactory form and the market values of memberships in exchanges contributed for use of company (contra to item 1740) and partners' securities which were included in non-allowable assets.
- (C) For reports filed pursuant to paragraph (d) of Rule 17a-5, respondent should provide a list of material non-allowable assets.

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART II

BROKER OR DEALER \_\_\_\_\_ as of \_\_\_\_\_

COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS  
FOR BROKER-DEALERS UNDER RULE 15c3-3  
(See Rule 15c3-3, Exhibit A and Related Notes)

\*\* IN THE EVENT THE NET CAPITAL REQUIREMENTS IS COMPUTED UNDER THE ALTERNATIVE METHOD, THIS "RESERVE FORMULA" SHALL BE PREPARED IN ACCORDANCE WITH THE REQUIREMENTS OF PARAGRAPH (f) OF RULE 15c3-1.

CREDIT BALANCES

1. Free credit balances and other credit balances in customers' security accounts (see Note A, Exhibit A, Rule 15c3-3)..... \_\_\_\_\_
2. Monies borrowed and letters of credit collateralized by securities carried for the accounts of customers (see Note B) ..... \_\_\_\_\_
3. Monies payable against customers' securities loaned (see Note C)..... \_\_\_\_\_
4. Customers' securities failed to receive (see Note D) ..... \_\_\_\_\_
5. Credit balances in firm accounts which are attributable to principal sales to customers ..... \_\_\_\_\_
6. Market value of stock dividends, stock splits and similar distributions receivable outstanding over 30 calendar days..... \_\_\_\_\_
- \*\*Market value of short security count differences over 30 calendar days old or 7 days if net capital is computed under Rule 15c3-1(f)..... \_\_\_\_\_
8. \*\*Market value of short securities and credits (not to be offset by longs or by debits) in all suspense accounts over 30 calendar days or 7 business days if net capital is computed under 15c3-1(f)..... \_\_\_\_\_
9. Market value of securities which are in transfer in excess of 40 calendar days and have not been confirmed to be in transfer by the transfer agent or the issuer during the 40 days..... \_\_\_\_\_
10. Other (List)..... \_\_\_\_\_
11. TOTAL CREDITS..... \$ \_\_\_\_\_

DEBIT BALANCES

12. \*\*Debit balances in customers' cash and margin accounts excluding unsecured accounts and accounts doubtful of collection net of deductions pursuant Note E, Exhibit A, Rule 15c3-3..... \_\_\_\_\_
13. Securities borrowed to effectuate short sales by customers and securities borrowed to make delivery on customers' securities failed to deliver..... \_\_\_\_\_
14. Failed to deliver of customers' securities not older than 30 calendar days..... \_\_\_\_\_
15. Margin required and on deposit with the Options Clearing Corporation for all option contracts written or purchased in customer accounts (See Note F)..... \_\_\_\_\_
16. Other (List)..... \_\_\_\_\_
17. \*\*Aggregate debit items..... \$ \_\_\_\_\_
18. \*\*less 3% (for alternative method only—see Rule 15c3-1(f)(5)(i))..... ( )
19. TOTAL 15c3-3 DEBITS..... \$ \_\_\_\_\_

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART II

BROKER OR DEALER \_\_\_\_\_ as of \_\_\_\_\_

COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS  
FOR BROKER-DEALERS UNDER RULE 15c3-3 (continued)

RESERVE COMPUTATION

- 20. Excess of total debits over total credits (line 19 less line 11)..... \$ \_\_\_\_\_
- 21. Excess of total credits over total debits. (line 11 less line 19)..... \_\_\_\_\_
- 22. If computation permitted on a monthly basis, enter 105% of.....  
excess of total credits over total debits..... \_\_\_\_\_
- 23. Amount held on deposit in "Reserve Bank Account(s)," including  
value of qualified securities, at end of reporting period..... \_\_\_\_\_
- 24. Amount of deposit (or withdrawal) including  
\$ \_\_\_\_\_ value of qualified securities..... \_\_\_\_\_
- 25. New amount in Reserve Bank Account(s) after adding deposit or  
subtracting withdrawal including value of qualified securities  
\$ \_\_\_\_\_ ..... \$ \_\_\_\_\_
- 26. Date of deposit (MMDDYY)..... \_\_\_\_\_

OMIT CENTS

FREQUENCY OF COMPUTATION

27. Daily \_\_\_\_\_ Weekly \_\_\_\_\_ Monthly \_\_\_\_\_

- 28. If an exemption from Rule 15c3-3 is claimed, identify below the section  
upon which such exemption is based (check one only)..... \_\_\_\_\_
- A. (k) (1)—\$2,500 capital category as per Rule 15c3-1..... \_\_\_\_\_
- B. (k) (2)(A)—"Special Account for the Exclusive Benefit of  
customers" maintained..... \_\_\_\_\_
- C. (k) (2)(B)—All customer transactions cleared through another  
broker-dealer on a fully disclosed basis. \_\_\_\_\_  
Name of clearing firm \_\_\_\_\_
- D. (k) (3)—Exempted by order of the Commission..... \_\_\_\_\_

Information for Possession or Control Requirements Under Rule 15c3-3

State the market valuation and number of items of:

- 1. Customers' fully paid securities and excess margin securities not in the  
respondent's possession control as of the report date (for which  
instructions to reduce to possession or control had been issued as of the report  
date) but for which the required action was not taken by respondent within  
the time frames specified under Rule 15c3-3. Notes G and H.....\$ \_\_\_\_\_
- A. Number of items..... \_\_\_\_\_
- 2. Customers' fully paid securities and excess margin securities for which  
instructions to reduce to possession or control had not been issued as  
of the report date, excluding items arising from "temporary lags which  
result from normal business operations" as permitted under Rule 15c3-3.  
Notes H, I, and J..... \_\_\_\_\_
- A. Number of items..... \_\_\_\_\_
- 3. The system and procedures utilized in complying with the requirement  
to maintain physical possession or control of customers' fully paid  
and excess margin securities have been tested and are functioning in  
a manner adequate to fulfill the requirements of Rule 15c3-3.....

Yes   
No

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART II

BROKER OR DEALER \_\_\_\_\_ as of \_\_\_\_\_

COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS  
FOR BROKER-DEALERS UNDER RULE 15c3-3 (continued)

Note A

Item 1 shall include all outstanding drafts payable to customers which have been applied against free credit balances or other credit balances and shall also include checks drawn in excess of bank balances per the records of the broker or dealer.

Note B

Item 2 shall include the principal amount of Restricted Letters of Credit obtained by members of Options Clearing Corporation which are collateralized by customers' securities.

Note C

Item 3 shall include in addition to monies payable against customers' securities loaned the amount by which the market value of securities loaned exceeds the collateral value received from the lending of such securities.

Note D

Item 4 shall include in addition to customers' securities failed to receive the amount by which the market value of securities failed to receive and outstanding more than thirty (30) calendar days exceeds their contract value.

Note E

(1) Debit balances in margin accounts shall be reduced by the amount by which a specific security (other than an exempted security) which is collateral for margin accounts exceeds in aggregate value 15 percent of all securities which collateralize all margin accounts receivable; provided, however, the required reduction shall not be in excess of the amounts of the debit balance required to be excluded because of this concentration rule. A specified security is deemed to be collateral for a margin account only to the extent it represents in value not more than 140 percent of the customer debit balance in a margin account.

(2) Debit balances in special omnibus accounts, maintained in compliance with the requirements of Section 4(b) of Regulation T under the Act (12 CFR 220.4(b)) or similar accounts carried on behalf of another broker or dealer, shall be reduced by any deficits in such accounts (or if a credit, such credit shall be increased) less any calls for margin, mark to the market, or other required deposits which are outstanding 5 business days or less.

(3) Debit balances in customers' cash and margin accounts included in the formula under Item 10 shall be reduced by an amount equal to 1 percent of their aggregate value.

Note F

Item 15 shall include the amount of margin deposited with Options Clearing Corporation to the extent such margin is represented by cash, proprietary qualified securities, and letters of credit collateralized by customers' securities.

Note G

Do not include in item one customers' fully paid and excess margin securities required by Rule 15c3-3 to be in possession or control but for which no action was required by the respondent as of the report date or required action was taken by respondent within the time frames specified under Rule 15c3-3.

Note H

State separately in response to items 1 and 2 whether the securities reported in response thereto were subsequently reduced to possession or control by the respondent.

Note I

Be sure to include in item 2 only items not arising from "temporary lags which result from normal business operations" as permitted under Rule 15c3-3.

Note J

Item 2 must be responded to only with the report which is filed as of the date selected for the broker's or dealer's annual audit of financial statements, whether or not such date is the end of a calendar quarter. The response to item 2 should be filed within 60 calendar days after such date, rather than with the remainder of this report. This information may be required on a more frequent basis by the Commission or the designated examining authority in accordance with Rule 17a-5(a)(2)(iv).

FINANCIAL AND OPERATION COMBINED UNIFORM SINGLE REPORT  
PART II

BROKER OR DEALER \_\_\_\_\_ as of \_\_\_\_\_

SCHEDULE OF SEGREGATION REQUIREMENTS AND FUNDS IN SEGREGATION

CUSTOMERS' REGULATED COMMODITY FUTURES ACCOUNTS

SEGREGATION REQUIREMENTS

- 1. Net ledger balance
  - a. Cash.....
  - b. Securities (at market).....
- 2. Net unrealized profit (loss) in open futures contracts.....
- 3. Net equity (Deficit) (Total of 1 plus or minus 2).....
- 4. Add: accounts liquidating to a deficit and accounts  
with debit balances with no open trade\*.....
- 5. Amount required to be segregated (Total of 3 plus 4).....

FUNDS ON DEPOSIT IN SEGREGATION

- 6. Deposited in segregated funds bank accounts:
  - a. Cash.....
  - b. Securities representing investments of customers' funds (at market).....
  - c. Securities held for customers in lieu of cash margins (at market).....
- 7. Margins on deposit with clearing organizations of contract markets:
  - a. Cash.....
  - b. Securities representing investments of customer funds (at market).....
  - c. Securities held for customers in lieu of cash margin (at market).....
- 8. Settlement due from (to) contract market clearing organization.....
- 9. Net equities with other FCMs.....
- 10. Segregated funds on hand:
  - a. Cash.....
  - b. Securities representing investments of customers' funds (at market).....
  - c. Securities held for customers in lieu of cash margins (at market).....
- 11. Total amounts in segregation (Total of 6 through 10).....
- 12. Excess funds (Insufficiency) in segregation (1 minus 5).....

\* State unsecured deficits and debits:

From prior period \$ \_\_\_\_\_  
From current period \$ \_\_\_\_\_



FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART II

BROKER OR DEALER \_\_\_\_\_ as of \_\_\_\_\_

Ownership Equity and Subordinated Liabilities maturing or proposed to be withdrawn within the next six months and accruals, (as defined below), which have not been deducted in the computation of Net Capital.

Type of Proposed withdrawal or Accrual See below for code to enter	Name of Lender or Contributor	Insider or Outsider? (In or Out)	Amount to be Withdrawn (cash amount and/or Net Capital Value of Securities)	(MMDDYY) Withdrawal or Maturity Date	Expect to Renew (yes or no)
---	-------------------------------	-------------------------------------	---	---	--------------------------------

TOTAL \$ \_\_\_\_\_

OMIT CENTS

\* To agree with the total on Recap (Item No. 4880)

Instructions: Detail listing must include the total of items maturing during the six month period following the reported date, regardless of whether or not the capital contribution is expected to be renewed. The schedule must also include proposed capital withdrawals scheduled within the six month period following the report date including the proposed redemption of stock and payments of liabilities secured by fixed assets (which are considered allowable assets in the capital computation pursuant to Rule 15d3-1(c)(2)(iv), which could be required by the lender on demand or in less than six months.

WITHDRAWAL CODE:	DESCRIPTION
1.	Equity Capital
2.	Subordinated Liabilities
3.	Accruals
4.	15c3-1(c)(2)(iv) Liabilities

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
 Capital Withdrawals  
 PART II

BROKER OR DEALER For the period (MMDDYY) from \_\_\_\_\_ to \_\_\_\_\_

RECAP

Ownership Equity and Subordinated Liabilities maturing or proposed to be withdrawn within the next six months, non-liquid assets and accruals, which have not been deduced in the computation of net capital.

1. <u>Equity Capital</u>		
A. <u>Partnership Capital: (Notes)</u>		
1. General Partners.....	_____	
2. Limited.....	_____	
3. Undistributed Profits.....	_____	
4. Other (describe below).....	_____	
5. Sole Proprietorship.....	_____	
B. <u>Corporation Capital: (Notes)</u>		
1. Common Stock.....	_____	
2. Preferred Stock.....	_____	
3. Retained Earnings (Dividends and Other).....	_____	
4. Other (describe below).....	_____	
2. <u>Subordinated Liabilities</u>		
A. Secured Demand Notes.....	_____	
B. Cash Subordinations.....	_____	
C. Debentures.....	_____	
D. Other (describe below).....	_____	
3. <u>Other Anticipated Withdrawals</u>		
A. Bonuses.....	_____	
B. Voluntary Contributions to Pension or Profit Sharing Plans.....	_____	
C. Other (describe below).....	_____	
Total.....	_____	\$ _____
4. <u>Description of Other</u>		
_____		
_____		
_____		

STATEMENT OF CHANGES IN OWNERSHIP EQUITY  
 (SOLE PROPRIETORSHIP, PARTNERSHIP OR CORPORATION)

1. Balance, beginning of period.....	\$ _____
A. Net income (loss).....	_____
B. Additions (Includes non-conforming capital of.....	\$ _____
C. Deductions (Includes non-conforming capital of.....	\$ _____
2. Balance, end of period (From Item 1800).....	\$ _____

STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED  
 TO CLAIMS OF GENERAL CREDITORS

3. Balance, beginning of period.....	\$ _____
A. Increases.....	_____
B. Decreases.....	( _____ )
4. Balance, end of period (From item 3520).....	\$ _____

NOTES: 1/ Total of personal capital borrowing due within six weeks.  
 2/ Planned capital expenditures for business expansions during next six months.

OMIT CENTS

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART II

BROKER OR DEALER

As of (MM/DD/YY) \_\_\_\_\_  
Trade Days Included \_\_\_\_\_

OPERATIONAL EXPOSURE ITEMS

	No. of Items	Debits (Short Value)	Credits (Long Value)	Deductions in Computing Net Capital
1. Money suspense and balancing differences at report date	_____	_____	_____	_____
2. Securities differences with related money balances unresolved at report date	_____	_____	_____	_____
3. Market value of short and long security differences without money at report date (other than reported in Item 4 below)	_____	_____	_____	_____
4. Market value of security record breaks	_____	_____	_____	_____
5. Unresolved reconciling differences with others at report date	_____	_____	_____	_____
(A) Correspondents and broker/dealers	_____	_____	_____	_____
(B) Depositories	_____	_____	_____	_____
(C) Clearing Organizations	_____	_____	_____	_____
(D) Inter-company and inter-office accounts	_____	_____	_____	_____
(E) Bank loans	_____	_____	_____	_____
(F) Bank accounts	_____	_____	_____	_____
(G) Other	_____	_____	_____	_____
6. Open transfers and reorganization account items over forty days not confirmed or verified	_____	_____	_____	_____
TOTAL	_____	_____	_____	_____
7. Commodity suspense and differences unresolved at report date	_____	_____	_____	_____
*Exclude items resolved two business days subsequent to month end not charged to capital at report date.				

OPERATIONAL STATISTICS

8. Number of open customer and non-customer accounts at report date	_____
(A) Security transactions	_____
(B) Commodity transactions	_____
9. Number of tickets (contracts) executed during the reporting period	_____
(A) Security transactions	_____
(B) Commodity transactions	_____
10. Customer extensions of time requested during the reporting period	_____
(A) Regulation T extensions requested	_____
(B) SEC 15c3-3(n) extensions requested	_____
11. Number of corrected customer confirmations mailed after settlement date during the reporting period	_____
12. Number of customer complaints	_____
(A) Received during the reporting period	_____
(B) Unresolved at report date over 60 days old	_____
13. Number of customer accounts carried by respondent for other brokers or dealers on a fully-disclosed basis at the end of the reporting period	_____
14. Number of omnibus accounts carried by respondent for other brokers or dealers at the end of the reporting period	_____
15. Number of customer accounts carried by respondent (other than those carried for other brokers or dealers) at the end of the reporting period	_____
16. Number of margin accounts carried by respondent at the end of the reporting period	_____
17. Number of margin accounts that represent in excess of five percent of aggregate margin balances at the end of the reporting period	_____

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

NAME OF BROKER-DEALER: \_\_\_\_\_

FOR THE PERIOD (MM/DD/YY) FROM: \_\_\_/\_\_\_/\_\_\_ TO: \_\_\_/\_\_\_/\_\_\_

STATEMENT OF REVENUE AND EXPENSE  
(Comprehensive Annual/Quarterly Report)

<u>REVENUES</u>	<u>AMOUNT (\$)</u> (Omit Cents)
1. Commissions on transactions in:	
a. Listed stocks and warrants executed on an exchange	_____
b. Listed stocks and warrants executed over-the-counter	_____
c. All other stocks and warrants	_____
d. Listed options	_____
e. All other options	_____
f. Municipal securities	_____
g. Corporate bonds	_____
h. All other securities	_____
i. Spot commodities	_____
j. Futures, forwards, and standbys	_____
k. Subtotal (1a thru 1j) <span style="float: right;">\$ _____</span>	_____
2. Retail mark-ups/mark-downs on principal transactions in: <u>1/</u>	
a. Listed stocks and warrants	_____
b. All other stocks and warrants	_____
c. Options	_____
d. Municipal securities	_____
e. Corporate bonds	_____
f. All other securities	_____
g. Spot commodities	_____
h. Forwards and standbys	_____
i. Subtotal (2a thru 2h) <span style="float: right;">\$ _____</span>	_____
3. Gains (losses) on firm securities and commodities accounts: <u>2/</u>	
a. Market making on an exchange in:	
(1) Listed stocks and warrants	_____
(2) Listed options	_____
b. Market making over-the-counter in:	
(1) Listed stocks and warrants	_____
(2) All other stocks and warrants	_____
c. All other proprietary accounts in:	
(1) Stocks and warrants	_____
(2) Options	_____

1/ Mark-ups/mark-downs represent the difference between the current market price and the price charged a customer on a principal transaction.

2/ Include all realized and unrealized gains (losses) on firm securities and commodities accounts, except (1) retail mark-ups/mark-downs on principal transactions and (2) gains (losses) from investment banking and related activities.

(3) State and municipal government obligations		_____
(4) U.S. and Canadian government obligations		_____
(5) Bankers' acceptances, certificates of deposit and commercial paper		_____
(6) Corporate obligations		_____
(7) All other securities		_____
(8) Spot commodities		_____
(9) Futures, forwards and standbys		_____
d. Subtotal (3a thru 3c) which includes:		
(1) Interest income	\$	_____
(2) Dividend income	\$	_____
(3) Unrealized gains (losses) on investment accounts	\$	_____
(4) All other gains (losses) on investment accounts	\$	_____
(5) All other unrealized gains (losses)	\$	_____
(6) All other gains (losses)	\$	_____
(7) Subtotal (3d(1) thru 3d(6))	\$	_____
4. Gains (losses) from investment banking and related activities:		
a. Sales of direct participation programs <sup>3/</sup>		_____
b. Sales of investment company securities		_____
c. All other registered stock offerings		_____
d. All other registered securities offerings		_____
e. Municipal securities offerings		_____
f. All other exempted securities offerings		_____
g. Private placements of securities		_____
h. Mergers and acquisitions		_____
i. All other investment banking activities		_____
j. Subtotal (4a thru 4i)	\$	_____
5. Gross interest income from:		
a. Margin loans to public customers		_____
b. Repurchase agreements		_____
c. Securities loaned		_____
d. All other loans		_____
e. Subtotal (5a thru 5d)	\$	_____
6. Floor brokerage and clearance income:		
a. Specialist floor brokerage in assigned stocks and warrants		_____
b. Specialist floor brokerage in assigned options		_____
c. All other floor brokerage		_____
d. Clearance income		_____
e. Subtotal (6a thru 6d)	\$	_____
7. All other revenues related to the securities business		_____
8. All other revenues		_____
9. Total revenues		_____

<sup>3/</sup> A direct participation program is an investment vehicle which provides for flow-through tax consequences regardless of the structure of the legal entity or vehicle for distribution. It includes, but is not limited to, oil and gas programs, real estate programs, agricultural programs, cattle programs, condominium securities, Subchapter S corporate offerings and all other programs of a similar nature, regardless of the industry represented by the program or any combination thereof.

EXPENSES

- 10. Employment costs:
  - a. All employment compensation and benefits paid to:
    - (1) Firm owners <sup>4/</sup>
    - (2) Registered representatives
    - (3) All other income-producing employees
  - b. All other
  - c. Subtotal (10a thru 10b) \$ \_\_\_\_\_
- 11. Gross interest expenses on:
  - a. Repurchase agreements
  - b. Bank loans collateralized by:
    - (1) Customer securities
    - (2) Firm securities
  - c. Subordinated debt
  - d. Securities borrowed
  - e. All other obligations
  - f. Subtotal (11a thru 11e) \$ \_\_\_\_\_
- 12. Floor brokerage, commissions and clearance
- 13. Advertising and promotional
- 14. Occupancy
- 15. Communications equipment and services
- 16. Data processing equipment and services
- 17. Regulatory fees and expenses
- 18. Losses due to errors and bad debts
- 19. Non-recurring charges
- 20. All other expenses
- 21. Total expenses

NET INCOME

- 22. Income (loss) before Federal income taxes (Item 9 less Item 21)
- 23. Provision for Federal income taxes (for parent only)
- 24. Equity in earnings (losses) of unconsolidated subsidiaries excluded above
  - a. After Federal income taxes of \$ \_\_\_\_\_
- 25. Extraordinary gains (losses)
  - a. After Federal income taxes of \$ \_\_\_\_\_
- 26. Cumulative effect of changes in accounting principles
- 27. Net income (loss) after Federal income taxes and extraordinary items

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<sup>4/</sup> Persons that have a direct or indirect equity interest in the firm equal to or greater than five percent of the firm's equity capital.

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

NAME OF BROKER-DEALER: \_\_\_\_\_

FOR THE PERIOD (MM/DD/YY) FROM: \_\_\_/\_\_\_/\_\_\_ TO: \_\_\_/\_\_\_/\_\_\_

STATEMENT OF REVENUE AND EXPENSE  
(Condensed Quarterly Report)

<u>REVENUES</u>	<u>AMOUNT(\$)</u> (Omit Cents)
1. Commissions on securities and commodities transactions	_____
2. Gains (losses) on firm securities and commodities accounts:	_____
a. Retail mark-ups/mark-downs	_____
b. Interest and dividends	_____
c. Unrealized gains (losses) on investment accounts	_____
d. All other gains (losses) on investment accounts	_____
e. All other realized gains (losses)	_____
f. All other gains (losses)	_____
g. Subtotal (2a thru 2f) <span style="float: right;">\$ _____</span>	_____
3. Gains (losses) from investment banking and related activities	_____
4. Gross interest income from repurchase agreements and loans	_____
5. Floor brokerage and clearance income	_____
6. All other revenues	_____
7. Total revenues	_____
<u>EXPENSES</u>	
8. Employment costs	_____
9. Gross interest expenses	_____
10. Floor brokerage, commissions and clearance	_____
11. Losses due to errors and bad debts	_____
12. Non-recurring charges	_____
13. All other expenses	_____
14. Total expenses	_____
<u>NET INCOME</u>	
15. Income (loss) before Federal income taxes (Item 7 less Item 14)	_____
16. Provision for Federal income taxes (for parent only)	_____
17. Equity in earnings (losses) of unconsolidated subsidiaries excluded above	_____
18. Extraordinary gains (losses)	_____
a. After Federal income taxes of <span style="float: right;">\$ _____</span>	_____
19. Cumulative effect of changes in accounting principles	_____
20. Net income (loss) after Federal income taxes and extraordinary items	_____

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

NAME OF BROKER-DEALER: \_\_\_\_\_

AS OF (MM/DD/YY):   /  /  

[This report must be completed once each year as of December 31.]

OPERATIONAL DATA

YES NO

- |  |                          |                          |
|--|--------------------------|--------------------------|
| 1. Is the firm a member of the Securities Investor Protection Corporation?   | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Does the firm send quarterly statements to customers pursuant to Rule 10b-10(b) in lieu of daily or immediate confirmations?        | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Is the firm a subsidiary of a company ("parent") which is registered as a broker or dealer?   | <input type="checkbox"/> | <input type="checkbox"/> |
| Name of parent: _____  |                          |                          |
| 4. Is the firm a subsidiary of a company ("parent") which is not registered as a broker or dealer?                                     | <input type="checkbox"/> | <input type="checkbox"/> |
| Name of parent: _____  |                          |                          |
| 5. Number of branch offices operated by the firm at the end of the year. (Exclude the headquarters office.)                            |                          | _____                    |
| 6. Average number of persons on the firm's payroll during the year.  |                          | _____                    |
| a. Firm's owners <u>1</u> /  |                          | _____                    |
| b. Registered representatives:   |                          | _____                    |
| (1) With limited registration  |                          | _____                    |
| (2) With general sales registration  |                          | _____                    |
| c. All other income-producing employees  |                          | _____                    |
| d. All other employees   |                          | _____                    |
| e. Total employees   |                          | _____                    |
| 7. Aggregate dollar amount of non-exempted, OTC sales of exchange-listed securities effected by the firm during the year (Omit cents). |                          | \$ _____                 |

1/ Persons who have an equity interest in the firm equal to or greater than five percent of the firm's equity capital.



A Broker or Dealer which does not make a market (either over the counter or on an exchange) in any stock, warrant or option is not required to complete the items below if the aggregate market value of the firm's securities and commodities accounts (long positions plus short positions) is less than \$25 million as of the report date. Average positions are to be determined by averaging the market value of overnight positions at the end of each month during the year.

AVERAGE POSITIONS IN SECURITIES AND COMMODITIES

	<u>LONG POSITIONS</u> (\$000)	<u>SHORT POSITIONS</u> (\$000)
1. Positions for market making on an exchange in:		
a. Listed stocks and warrants	_____	_____
b. Listed options	_____	_____
2. Positions for market making over-the-counter in:		
a. Listed stocks and warrants	_____	_____
b. All other stocks and warrants	_____	_____
3. All other proprietary positions in:		
a. Stocks and warrants	_____	_____
b. Options	_____	_____
c. State and municipal government obligations	_____	_____
d. U.S. and Canadian government obligations	_____	_____
e. Bankers' acceptances, certificates of deposit and commercial paper	_____	_____
f. Corporate obligations	_____	_____
g. All other securities	_____	_____
h. Spot commodities	_____	_____
4. Total (1a thru 3h)	_____	_____

FORM  
X-17A-5

FOCUS REPORT  
(Financial and Operational Combined Uniform Single Report)  
PART IIA

(Please read instructions before preparing Form.)

This report is being filed pursuant to (Check Applicable Block(s)):

- 1) Rule 17a-5(a)       2) Rule 17a-5(b)       3) Rule 17a-11   
4) Special request by designated examining authority       5) Other

Name of Broker-Dealer			SEC File No.
Address of Principal Place of Business (Do Not Use P.O. Box No.)			Firm ID. No.
(No. and Street)			For Period Beginning (MM/DD/YY)
(City)	(State)	(Zip Code)	And Ending (MM/DD/YY)
Name and Telephone Number of Person to Contact in Regard to This Report			(Area Code) - Telephone No.

Name(s) of Subsidiaries or Affiliates Consolidated in This Report Pursuant to Appendix C of Rule 15c3-1:

	<u>Guaranteed</u>	<u>Flow-Thru</u>
_____	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>

Does Respondent Carry Customer Accounts?      Yes       No

Does Respondent Clear Transactions?      Yes       No

(If you checked "Yes" to either of the two preceding questions, please complete Part II in lieu of Part IIA.)

Was the respondent operating under the alternative method for the computation of the net capital requirement during the reporting period?      Yes       No

Is the respondent filing an audited report?      Yes       No

Execution:

The registrant/broker or dealer submitting this Form and its attachments and the person(s) by whom it is executed represent hereby that all information contained therein is true, correct and complete. It is understood that all required items, statements, and schedules are considered integral parts of this Form and that the submission of any amendment represents that all unamended items, statements and schedules remain true, correct and complete as previously submitted. See letter of representation included in the General Instructions.

TO BE COMPLETED WITH THE ANNUAL AUDIT REPORT ONLY:

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report

Name (If individual, state last, first, middle name)

70

ADDRESS      Number and Street      City      State      Zip Code

71      72      73      74

Check One

- ( ) Certified Public Accountant      75      FOR SEC USE
- ( ) Public Accountant      76      [ ] [ ]
- ( ) Accountant not resident in United States or any of its possessions      77

DO NOT WRITE UNDER THIS LINE . . . FOR SEC USE ONLY

WORK LOCATION	REPORT DATE MM/DD/YY	DOC. SEQ. NO.	CARD				
50	61	52	53				

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART IIA

Broker or Dealer

STATEMENT OF FINANCIAL CONDITION

As of (MM/DD/YY) \_\_\_\_\_  
SEC File No. \_\_\_\_\_

Consolidated

Unconsolidated

ASSETS

	<u>Allowable</u>	<u>Nonallowable</u>	<u>Total</u>
1. Cash.....	\$ _____		\$ _____
2. Cash segregated in compliance with federal and other regulations	_____		_____
3. Receivables from brokers or dealers:			
A. Clearance Accounts:			
(1) Securities.....	_____	\$ _____	_____
(2) Commodities.....	_____	_____	_____
B. Other.....	_____	_____	_____
4. Receivables from non-customers.....	_____	_____	_____
(1) Securities.....	_____	_____	_____
(2) Commodities.....	_____	_____	_____
(3) Other.....	_____	_____	_____
5. Securities purchased under agreements to resell:			
A. Matched repurchase agreements.....	_____	_____	_____
B. All other.....	_____	_____	_____
C. Total.....	_____	_____	_____
6. Securities and spot commodities owned, at market value -- including long positions in arbitrage accounts:			
A. Bankers' acceptances, certificates of deposit and commercial paper.....	_____		_____
B. U.S. and Canadian government obligations....	_____		_____
C. State and municipal government obligations..	_____		_____
D. Corporate obligations.....	_____		_____
E. Stocks and warrants.....	_____		_____
F. Options.....	_____		_____
G. Direct participation programs.....	_____		_____
H. All other securities.....	_____		_____
I. Spot Commodities.....	_____		_____
J. Total.....	_____		_____
7. Securities owned not readily marketable:			
A. At cost..... \$ _____			
B. At estimated fair value.....	_____	_____	_____
8. Other investments not readily marketable:			
A. At cost..... \$ _____			
B. At estimated fair value.....	_____	_____	_____
9. Securities borrowed under subordination agreements and partners' individual capital securities accounts, at market value:			
A. Exempted securities..... \$ _____			
B. Other..... \$ _____	_____	_____	_____

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART IIA

Broker or Dealer \_\_\_\_\_ as of \_\_\_\_\_

STATEMENT OF FINANCIAL CONDITION

10. Secured demand notes market value of collateral:				
A. Exempted securities.....	\$ _____			
B. Other.....	\$ _____			
C. Cash.....	\$ _____	_____	_____	_____
11. Memberships in exchanges:				
A. Owned at market value...	\$ _____			
B. Owned at cost.....		_____		
C. Contributed for use of company, at market value.....		_____		
12. Investment in and receivables from affiliates, subsidiaries and associated partnerships.....		_____		
13. Property, furniture, equipment, leasehold improvements and rights under lease agreements:				
At cost (net of accumulated depreciation and amortization).....		_____		
14. Other Assets.....		_____		
15. TOTAL ASSETS.....	\$ _____	\$ _____	\$ _____	

LIABILITIES AND OWNERSHIP EQUITY

<u>Liabilities</u>	<u>A.I. Liabilities*</u>	<u>Non-A.I. Liabilities*</u>	<u>Total</u>
16. Bank loans payable:			
A. Collateralized by assets which would normally be deducted in computing net capital.....	_____	_____	_____
B. Bank overdrafts.....	_____	_____	_____
C. Other.....	_____	_____	_____
17. Securities sold under repurchase agreements:			
A. Matched repurchase agreements.....		_____	_____
B. All other.....		_____	_____
C. Total.....		_____	_____
18. Payable to brokers or dealers:			
A. Clearance Account:			
(1) Securities Accounts.....	_____	_____	_____
(2) Commodities Accounts.....	_____	_____	_____
(3) Other.....	_____	_____	_____
19. Payable to non-customers.....	_____	_____	_____
20. Securities and commodities sold short, — including short positions in arbitrage accounts:			
A. Bankers acceptances, certificates of deposit and commercial paper.....		_____	_____
B. U.S. and Canadian government obligations.....		_____	_____
C. State and municipal government obligations...		_____	_____
D. Corporate obligations.....		_____	_____
E. Stocks and warrants.....		_____	_____

\*If registrant computes its capital under the alternative net capital requirement, only the totals are applicable.

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART IIA

Broker or Dealer \_\_\_\_\_

as of \_\_\_\_\_

STATEMENT OF FINANCIAL CONDITION

F. Options:			
1. Covered or heaged.....		_____	
2. Uncovered.....		_____	
G. Other securities.....		_____	
H. Spot commodities.....		_____	
I. Total.....		_____	
21. Accounts payable, accrued liabilities, expenses, and other:			
A. Drafts payable.....	_____		_____
B. Accounts payable, accrued expenses and	_____		_____
C. Income taxes payable.....	_____	_____	_____
D. Deferred income taxes.....	_____	_____	_____
E. Other.....	_____	_____	_____
22. Notes and mortgages payable:			
A. Unsecured.....	\$ _____	_____	\$ _____
B. Secured.....	_____	_____	_____
23. TOTAL UNSUBORDINATED LIABILITIES.....	_____	_____	_____
24. Liabilities subordinated to claims of general creditors:			
A. Cash borrowings.....		_____	_____
1. From outsiders.....\$ _____			
2. Includes equity subordination (15c3-1(d)) of.....\$ _____			
B. Securities borrowings, at market value: From outsiders.....\$ _____		_____	_____
C. Pursuant to secured demand note collateral agreements:			
1. From outsiders.....\$ _____			
2. Includes equity subordination (15c3-1(d)) of.....\$ _____			
D. Exchange memberships contributed for use of company at market value.....		_____	_____
E. Accounts and other borrowings not qualified for net capital purposes.....	_____	_____	_____
25. TOTAL SUBORDINATED LIABILITIES	\$ _____	\$ _____	\$ _____
<u>Ownership Equity</u>			
26. Sole proprietorship.....			\$ _____
27. Partnership-limited partners.....\$ _____			_____
28. Corporations:			
A. Preferred stock.....		_____	_____
B. Common stock.....		_____	_____
C. Additional paid-in capital.....		_____	_____
D. Retained earnings.....		_____	_____
E. Total.....		_____	_____
F. Less capital stock intresury.....			( _____ )
29. TOTAL OWNERSHIP EQUITY			\$ _____
30. TOTAL LIABILITIES AND OWNERSHIP EQUITY			\$ _____

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART IIA

BROKER OR DEALER \_\_\_\_\_ as of \_\_\_\_\_

COMPUTATION OF NET CAPITAL

1. Total ownership equity (from Statement of Financial Condition)..... \$ \_\_\_\_\_
2. Deduct: Ownership equity not allowable for net capital..... ( \_\_\_\_\_ )
3. Total ownership equity qualified for net capital..... \_\_\_\_\_
4. Add:
  - A. Liabilities subordinated to claims of general creditors allowable in computation of net capital..... \_\_\_\_\_
  - B. Other (deductions) or allowable credits (List)..... \_\_\_\_\_
5. Total capital and allowable subordinated liabilities..... \$ \_\_\_\_\_
6. Deductions and/or charges:
  - A. Total non-allowable assets from Statement of Financial Condition (Note B and C)..... \$ \_\_\_\_\_

Charges related to exempt securities:

	<u>Actual Positions</u>	<u>Contractual Positions</u>
Charge included in 6.A.1. above	_____	_____
Total deficits in accounts	_____	_____
Face amount long	_____	_____
Face amount short	_____	_____

- B. Secured demand note deficiency..... \$ \_\_\_\_\_
- C. Commodity futures and forward contracts and spot commodities-- proprietary capital charges..... \_\_\_\_\_
  1. Financial futures including foreign currencies..... \_\_\_\_\_
  2. Precious metals..... \_\_\_\_\_
  3. Other..... \_\_\_\_\_
- D. Other deductions and/or charges ..... \_\_\_\_\_
  1. Securities dividends short..... \_\_\_\_\_
  2. Deficits in failed to receive and securities loaned..... \_\_\_\_\_
  3. Insurance claims..... \_\_\_\_\_
  4. Losses on contractual commitments..... \_\_\_\_\_
    - Exempt securities..... \_\_\_\_\_
    - Non-exempt..... \_\_\_\_\_
  5. Guarantees..... \_\_\_\_\_
  6. Miscellaneous..... \_\_\_\_\_
  7. Total..... \_\_\_\_\_

E.	Deductions for accounts carried under Rule 15c3-1 (a)(6), (a)(7) and (c)(2)(x).....	_____	
F.	Total deductions and/or charges.....	_____	
7.	Other additions and/or allowable credits (List).....	_____	
8.	Net Capital before haircuts on securities positions.....	_____	\$
9.	Haircuts on securities: (computed, where applicable, pursuant to 15c3-1 (f) ):		
A.	Contractual securities commitments.....	_____	
	1. Charges related to exempt securities:		
		<u>Contractual Positions</u>	
	Charges included in above	_____	
	Total mark to market losses	_____	
	Face amount long	_____	
	Face amount short	_____	
	2. Charges related to non-exempt securities.....	_____	
B.	Suspense and difference accounts.....	_____	
C.	Trading and investment securities:		
	1. Bankers' acceptances, certificates of deposit and commercial paper.....	_____	
	2. U.S. and Canadian government obligations .....	_____	
	3. State and municipal government obligations.....	_____	
	4. Corporate obligations.....	_____	
	5. Stocks and warrants.....	_____	
	6. Options:		
	a. Covered or hedged.....	_____	
	b. Uncovered.....	_____	
	7. Arbitrage.....	_____	
	8. Other securities.....	_____	
D.	Undue concentration.....	_____	
E.	Other (list).....	_____	
10.	Net Capital.....	_____	\$
			OMIT CENTS



**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART IIA**

**BROKER OR DEALER**

as of \_\_\_\_\_

**COMPUTATION OF BASIC NET CAPITAL REQUIREMENT**

**Part A**

11. Minimum net capital required (6-2/3% of line 19) .....	\$	3756
12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A) .....	\$	3758
13. Net capital requirement (greater of line 11 or 12) .....	\$	3760
14. Excess net capital (line 10 less 13) .....	\$	3770
15. Excess net capital at 1000% (line 10 less 10% of line 19) .....	\$	3780

**COMPUTATION OF AGGREGATE INDEBTEDNESS**

16. Total A.I. liabilities from Statement of Financial Condition .....	\$	3790
17. Add:		
A. Drafts for immediate credit .....	\$	3800
B. Market value of securities borrowed for which no equivalent value is paid or credited .....	\$	3810
C. Other unrecorded amounts (List) .....	\$	3820
19. Total aggregate indebtedness .....	\$	3840
20. Percentage of aggregate indebtedness to net capital (line 19 ÷ by line 10) .....	%	3850
21. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1 (d) .....	%	3860

**COMPUTATION OF ALTERNATE NET CAPITAL REQUIREMENT**

**Part B**

22. 4% of combined aggregate debit items as shown in Formula for Reserve Requirements pursuant to Rule 15c3-3 prepared as of the date of the net capital computation including both brokers or dealers and consolidated subsidiaries' debits .....	\$	3870
23. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A) .....	\$	3880
24. Net capital requirement (greater of line 22 or 23) .....	\$	3760
25. Excess net capital (line 10 less 24) .....	\$	3910
26. Net capital in excess of the greater of:		
A. 6% of combined aggregate debit items or \$120,000 .....	\$	3920
B. 7% of combined aggregate debit items or \$120,000 .....	\$	3930

OMIT CENTS

**NOTES:**

- (A) The minimum net capital requirement should be computed by adding the minimum dollar net capital requirement of the reporting broker dealer and, for each subsidiary to be consolidated, the greater of:
  1. Minimum dollar net capital requirement, or
  2. 6-2/3% of aggregate indebtedness or 4% of aggregate debits if alternative method is used.
- (B) Do not deduct the value of securities borrowed under subordination agreements or secured demand note covered by subordination agreements not in satisfactory form and the market values of memberships in exchanges contributed for use of company (contra to item 1740) and partners' securities which were included in non-allowable assets.
- (C) For reports filed pursuant to paragraph (d) of Rule 17a-5, respondent should provide a list of material non-allowable assets.

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART IIA

BROKER OR DEALER

For the period (MMDDYY) from \_\_\_\_\_ to \_\_\_\_\_

STATEMENT OF CHANGES IN OWNERSHIP EQUITY  
(SOLE PROPRIETORSHIP, PARTNERSHIP OR CORPORATION)

1. Balance, beginning of period .....	\$		4240
A. Net income (loss) .....			4250
B. Additions (Includes non-conforming capital of .....	\$	4262	4260
C. Deductions (Includes non-conforming capital of .....	\$	4272	4270
2. Balance, end of period (From item 1800) .....	\$		4290

STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED  
TO CLAIMS OF GENERAL CREDITORS

3. Balance, beginning of period .....	\$		4300
A. Increases .....			4310
B. Decreases .....			4320
4. Balance, end of period (From item 3520) .....	\$		4330

OMIT CENTS

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART IIA**

<b>BROKER OR DEALER</b>	as of _____
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**Exemptive Provision Under Rule 15c3-3**

25. If an exemption from Rule 15c3-3 is claimed, identify below the section upon which such exemption is based (check one only)

- |   |  |      |      |
|---|--|------|------|
| A. (k) (1)—\$2,500 capital category as per Rule 15c3-1 .....  |  |      | 4550 |
| B. (k) (2)(A)—"Special Account for the Exclusive Benefit of customers" maintained .....   |  |      | 4560 |
| C. (k) (2)(B)—All customer transactions cleared through another broker-dealer on a fully disclosed basis. Name of clearing firm <sup>31</sup> _____ |  | 4335 | 4570 |
| D. (k) (3)—Exempted by order of the Commission .....  |  |      | 4580 |

**Ownership Equity and Subordinated Liabilities maturing or proposed to be withdrawn within the next six months and accruals, (as defined below), which have not been deducted in the computation of Net Capital.**

Type of Proposed withdrawal or Accrual See below for code to enter	Name of Lender or Contributor	Insider or Outsider? (In or Out)	Amount to be With- drawn (cash amount and/or Net Capital Value of Securities)	(MMDDYY) Withdrawal or Maturity Date	Expect to Renew (yes or no)
31 4600	4601	4602	4603	4604	4605
32 4610	4611	4612	4613	4614	4615
33 4620	4621	4622	4623	4624	4625
34 4630	4631	4632	4633	4634	4635
35 4640	4641	4642	4643	4644	4645
36 4650	4651	4652	4653	4654	4655
37 4660	4661	4662	4663	4664	4665
38 4670	4671	4672	4673	4674	4675
39 4680	4681	4682	4683	4684	4685
40 4690	4691	4692	4693	4694	4695
<b>TOTAL \$ <sup>37</sup></b>			<b>4699</b>		

**OMIT CENTS**

**Instructions:** Detail listing must include the total of items maturing during the six month period following the report date, regardless of whether or not the capital contribution is expected to be renewed. The schedule must also include proposed capital withdrawals scheduled within the six month period following the report date including the proposed redemption of stock and payments of liabilities secured by fixed assets (which are considered allowable assets in the capital computation pursuant to Rule 15c3-1(c)(2)(iv)), which could be required by the lender on demand or in less than six months.

- WITHDRAWAL CODE: DESCRIPTION**
1. Equity Capital
  2. Subordinated Liabilities
  3. Accruals
  4. 15c3-1(c)(2)(iv) Liabilities



(3) State and municipal government obligations		_____
(4) U.S. and Canadian government obligations		_____
(5) Bankers' acceptances, certificates of deposit and commercial paper		_____
(6) Corporate obligations		_____
(7) All other securities		_____
(8) Spot commodities		_____
(9) Futures, forwards and standbys		_____
d. Subtotal (3a thru 3c) which includes:		
(1) Interest income	\$	_____
(2) Dividend income	\$	_____
(3) Unrealized gains (losses) on investment accounts	\$	_____
(4) All other gains (losses) on investment accounts	\$	_____
(5) All other unrealized gains (losses)	\$	_____
(6) All other gains (losses)	\$	_____
(7) Subtotal (3d(1) thru 3d(6))	\$	_____
4. Gains (losses) from investment banking and related activities:		
a. Sales of direct participation programs <sup>3/</sup>		_____
b. Sales of investment company securities		_____
c. All other registered stock offerings		_____
d. All other registered securities offerings		_____
e. Municipal securities offerings		_____
f. All other exempted securities offerings		_____
g. Private placements of securities		_____
h. Mergers and acquisitions		_____
i. All other investment banking activities		_____
j. Subtotal (4a thru 4i)	\$	_____
5. Gross interest income from:		
a. Margin loans to public customers		_____
b. Repurchase agreements		_____
c. Securities loaned		_____
d. All other loans		_____
e. Subtotal (5a thru 5d)	\$	_____
6. Floor brokerage and clearance income:		
a. Specialist floor brokerage in assigned stocks and warrants		_____
b. Specialist floor brokerage in assigned options		_____
c. All other floor brokerage		_____
d. Clearance income		_____
e. Subtotal (6a thru 6d)	\$	_____
7. All other revenues related to the securities business		_____
8. All other revenues		_____
9. Total revenues		_____

<sup>3/</sup> A direct participation program is an investment vehicle which provides for flow-through tax consequences regardless of the structure of the legal entity or vehicle for distribution. It includes, but is not limited to, oil and gas programs, real estate programs, agricultural programs, cattle programs, condominium securities, Subchapter S corporate offerings and all other programs of a similar nature, regardless of the industry represented by the program or any combination thereof.

EXPENSES

- 10. Employment costs:
  - a. All employment compensation and benefits paid to:
    - (1) Firm owners <sup>4/</sup>
    - (2) Registered representatives
    - (3) All other income-producing employees
  - b. All other
  - c. Subtotal (10a thru 10b) \$ \_\_\_\_\_
- 11. Gross interest expenses on:
  - a. Repurchase agreements
  - b. Bank loans collateralized by:
    - (1) Customer securities
    - (2) Firm securities
  - c. Subordinated debt
  - d. Securities borrowed
  - e. All other obligations
  - f. Subtotal (11a thru 11e) \$ \_\_\_\_\_
- 12. Floor brokerage, commissions and clearance
- 13. Advertising and promotional
- 14. Occupancy
- 15. Communications equipment and services
- 16. Data processing equipment and services
- 17. Regulatory fees and expenses
- 18. Losses due to errors and bad debts
- 19. Non-recurring charges
- 20. All other expenses
- 21. Total expenses

NET INCOME

- 22. Income (loss) before Federal income taxes (Item 9 less Item 21)
- 23. Provision for Federal income taxes (for parent only)
- 24. Equity in earnings (losses) of unconsolidated subsidiaries excluded above
  - a. After Federal income taxes of \$ \_\_\_\_\_
- 25. Extraordinary gains (losses)
  - a. After Federal income taxes of \$ \_\_\_\_\_
- 26. Cumulative effect of changes in accounting principles
- 27. Net income (loss) after Federal income taxes and extraordinary items

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<sup>4/</sup> Persons that have a direct or indirect equity interest in the firm equal to or greater than five percent of the firm's equity capital.



FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

NAME OF BROKER-DEALER: \_\_\_\_\_

AS OF (MM/DD/YY):   /  /  

[This report must be completed once each year as of December 31.]

OPERATIONAL DATA

YES NO

1. Is the firm a member of the Securities Investor Protection Corporation?

2. Does the firm send quarterly statements to customers pursuant to Rule 10b-10(b) in lieu of daily or immediate confirmations?

3. Is the firm a subsidiary of a company ("parent") which is registered as a broker or dealer?

Name of parent: \_\_\_\_\_

4. Is the firm a subsidiary of a company ("parent") which is not registered as a broker or dealer?

Name of parent: \_\_\_\_\_

5. Number of branch offices operated by the firm at the end of the year. (Exclude the headquarters office.) \_\_\_\_\_

6. Average number of persons on the firm's payroll during the year. \_\_\_\_\_

a. Firm's owners 1/ \_\_\_\_\_

b. Registered representatives: \_\_\_\_\_

(1) With limited registration \_\_\_\_\_

(2) With general sales registration \_\_\_\_\_

c. All other income-producing employees \_\_\_\_\_

d. All other employees \_\_\_\_\_

e. Total employees \_\_\_\_\_

7. Aggregate dollar amount of non-exempted, OTC sales of exchange-listed securities effected by the firm during the year (Omit cents). \$ \_\_\_\_\_

1/ Persons who have an equity interest in the firm equal to or greater than five percent of the firm's equity capital.



A Broker or Dealer which does not make a market (either over the counter or on an exchange) in any stock, warrant or option is not required to complete the items below if the aggregate market value of the firm's securities and commodities accounts (long positions plus short positions) is less than \$25 million as of the report date. Average positions are to be determined by averaging the market value of overnight positions at the end of each month during the year.

AVERAGE POSITIONS IN SECURITIES AND COMMODITIES

	<u>LONG POSITIONS</u> (\$000)	<u>SHORT POSITIONS</u> (\$000)
1. Positions for market making on an exchange in:		
a. Listed stocks and warrants	_____	_____
b. Listed options	_____	_____
2. Positions for market making over-the-counter in:		
a. Listed stocks and warrants	_____	_____
b. All other stocks and warrants	_____	_____
3. All other proprietary positions in:		
a. Stocks and warrants	_____	_____
b. Options	_____	_____
c. State and municipal government obligations	_____	_____
d. U.S. and Canadian government obligations	_____	_____
e. Bankers' acceptances, certificates of deposit and commercial paper	_____	_____
f. Corporate obligations	_____	_____
g. All other securities	_____	_____
h. Spot commodities	_____	_____
4. Total (1a thru 3h)	_____	_____

# NASD

NOTICE TO MEMBERS: 80-48  
Notices to members should be  
retained for future reference.

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

1735 K STREET NORTHWEST • WASHINGTON D.C. 20006

September 22, 1980

TO: All NASD Members

RE: New York State Stock Transfer Tax Rebates; Revised Rate  
Schedule Effective October 1, 1980

The New York State Tax Commission has provided the enclosed information on the rebatable and non-rebatable portions of the tax which will be revised on October 1, 1980. The tax rate timetable and rebate procedures were previously distributed to members in Notice 79-30.

It is noteworthy that on October 1, 1980, a 60 percent rebate will apply to residents and non-residents equally and to transactions involving the maximum tax amount. The final phase of the tax rebate timetable will take effect on October 1, 1981 when all transactions will be eligible for a 100 percent rebate.

Questions regarding the tax rebate procedures or timetable may be directed to Mr. Donald J. Dieckmann at the State Tax Commission (518) 457-4265 or to the Association's Uniform Practice Department at (212) 938-1177.

FOR BOTH RESIDENT AND NON-RESIDENT TRANSACTIONS

Example of Stock Transfer Tax Rates Reflecting Rebatable and Non-Rebatable Portion of Tax.

<u>Selling Price</u>	<u>Tax Rate Per 100</u>	<u>Non-Rebatable Portion</u>	<u>Rebatable Portion</u>
\$20. & over	\$5.00	\$ 2.00	\$ 3.00
\$10. - \$19.99	3.75	1.50	2.25
\$ 5. - \$ 9.99	2.50	1.00	1.50
under \$5.	1.25	.50	.75
ALL MAXIMUM TAX	350.00	140.00	210.00
No Sale Transactions	2.50	1.00	1.50

NOTICE TO MEMBERS: 80-50  
Notices to Members should be  
retained for future reference.

# NASD

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

1735 K STREET NORTHWEST • WASHINGTON D. C. 20006

September 26, 1980

TO: All NASD Members and Municipal Securities Bank Dealers  
Attention: All Operations Personnel

RE: Holiday Trade Date - Settlement Date Schedule

Transactions made on Columbus Day, Monday, October 13, 1980, and Veterans Day, Tuesday, November 11, 1980, and the days immediately preceding these days will be subject to the schedule below. The revised schedule is to provide uniformity since securities markets are open on these days, while many banking institutions are closed.

However, securities markets and the NASDAQ System will be closed on Presidential Election Day, Tuesday, November 4, 1980.

Trade Date-Settlement Date Schedule  
For "Regular-Way" Transactions

<u>Trade Date</u>		<u>Settlement Date</u>		<u>Regulation T Date</u>	
October	6	October	14	October	15
	7		15		16
	8		16		17
	9		17		20
	10		20		21
	13		20		22
October	27	November	3	November	6
	28		5		7
	29		6		10
	30		7		11
	31		10		12
November	3		12		13
	4	Election Day			—
	5		13		14
	6		14		17
	7		17		18
	10		18		19
	11		18		20

\* \* \* \* \*

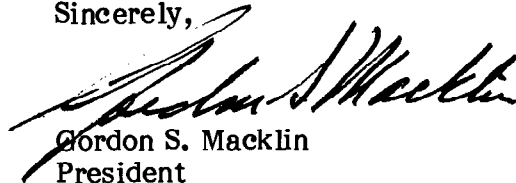
October 13 and November 11 will not be considered as business days for determining the day for settlement of a trade, the day on which stock shall be quoted ex-dividend or ex-rights or in computing interest on bond trades. Marks to the market, reclamations and close-outs shall not be exercised on October 13 and November 11.

For the purpose of Regulation T of the Federal Reserve Board, October 13 and November 11 shall be counted as business days for receiving customers' payments. \*

The settlement dates should be used by brokers, dealers and municipal securities dealers for purposes of clearing and settling transactions pursuant to the Association's Uniform Practice Code and Municipal Securities Rulemaking Board (MSRB) Rule G-12 on Uniform Practice.

Questions regarding the application of these settlement dates to a particular situation may be directed to the Uniform Practice Department at (212) 938-1177.

Sincerely,



Gordon S. Macklin  
President

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\* Pursuant to Section 4(c)(2) of Regulation T of the Federal Reserve Board, a broker-dealer must promptly cancel or otherwise liquidate a customer purchase transaction in a cash account if full payment is not received within seven (7) days of the date of purchase. The date upon which members must take such action for the trade dates indicated is shown in the column entitled "Regulation T Date."