

## MEMORANDUM

**TO:** File Number S7-05-14

**FROM:** Valentina Minak Deng  
Special Counsel  
Office of Financial Responsibility, Division of Trading and Markets  
U.S. Securities and Exchange Commission

**DATE:** May 5, 2015

**RE:** Meeting with SIFMA Representatives

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On April 30, 2015, Commission staff met in-person with representatives of the Securities Industry and Financial Markets Association (“SIFMA”) to discuss the proposed rules and rule amendments on recordkeeping and reporting requirements for security-based swap dealers, major security-based swap participants, and broker-dealers, and the capital rule for certain security-based swap dealers (release number 34-71958).

Commission staff included Valentina Deng, Kari Jin, Joseph Levinson, Michael Macchiaroli, Thomas McGowan, and Randall Roy. In addition, Yui Chan of the Financial Industry Regulatory Authority attended the meeting.

SIFMA representatives at the meeting included Maria Barcelona (SIFMA), Thomas Favia (Goldman Sachs), Mary Kay Scucci (SIFMA), Ralph Mattone (Nomura), and William Tirrell (Merrill Lynch).



**Recordkeeping for SBSD  
SEC Meeting**

*Thursday, April 30, 2015 | 11:00-2:00 p.m. EST*

U.S. Securities and Exchange Commission  
100 F Street NE  
Washington, D.C.  
Participant Dial In: 1-877-317-6777 (U.S.)

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**Agenda**

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1. **Introductions and Opening Remarks**– *Mary Kay Scucci, SIFMA*
2. **Purpose of Meeting**– *Mike Macchiaroli and Timothy Fox, SEC*
3. **Open Discussion**
  - a. Standalone Swap Dealer Example– *Ralph Mattone, Nomura*
  - b. Appendix of SIFMA Comment Letter (September 5, 2014) in response to Release No. 34-71958 SEC *Recordkeeping and Reporting Requirements for SBSD* Rule Proposal– *William Tirrell, Bank of America*
  - c. FOCUS Report. Pg. 448-510 of SEC Release No. 34-71958 SEC *Recordkeeping and Reporting Requirements for SBSD* Rule Proposal – *Thomas Favia, Goldman Sachs*

## Appendix A

### **EXECUTIVE SUMMARY**<sup>72</sup>

SIFMA greatly appreciates the Commission's thoughtful effort to reconcile the many difficult and, in some cases, conflicting objectives that must be addressed in fashioning capital, margin and segregation requirements for nonbank SBSs and MSBSPs. These objectives include the mandate in Section 15F(e) of the Exchange Act for the Commission's capital and margin requirements to "help ensure the safety and soundness" of nonbank SBSs and MSBSPs and "be appropriate for the risk associated with" uncleared security-based swaps ("SBS"). Section 15F(e) also requires the Commission, together with the Commodity Futures Trading Commission (the "CFTC") and the Prudential Regulators,<sup>73</sup> to the maximum extent practicable, to establish and maintain comparable capital and margin requirements for bank and nonbank swap dealers ("SDs"), SBSs, major swap participants ("MSPs") and MSBSPs. Section 752 of Dodd-Frank similarly requires the Commission to consult and coordinate with foreign regulatory authorities on the establishment of consistent international standards with respect to SBS. Finally, Section 3(f) of the Exchange Act generally requires the Commission to consider whether its rules "will promote efficiency, competition, and capital formation," and Section 23(a)(2) prohibits the Commission from adopting any rule that "would impose a burden on competition not necessary or appropriate in furtherance of the purposes" of the Exchange Act.

SIFMA recognizes that, in implementing capital, margin and segregation requirements for nonbank SBSs, the Commission has largely drawn from its existing broker-dealer financial responsibility rules and sought to adapt those rules for SBSs. Nevertheless, we are concerned that this approach, without further modification, does not adequately address or conform to the statutory principles described above. We strongly believe that, in applying those principles, the Commission should take into account the broader context of regulatory reform, including the significant reduction in risks that will occur once dealers and major participants in the SBS markets are required to register and comply with basic capital requirements, standardized SBS become subject to mandatory clearing and, for uncleared SBS, variation margin is required to be exchanged. Accordingly, the modifications that we recommend the Commission make to the Proposal are intended to be evaluated within that broader context.

**The Proposal Would Impose Costs That Are Disproportionate to the Risks of SBS Dealing Activity.** Contrary to the statutory requirements that the Commission's capital and margin requirements "be appropriate for the risk associated with" uncleared SBS and "promote efficiency," the Proposal would impose duplicative and excessive capital and margin requirements.

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<sup>72</sup> This executive summary is taken from the SIFMA Comment Letter on SEC Capital and Margin Proposal at ii-ix.

<sup>73</sup> Under Dodd-Frank, the "Prudential Regulators" are the Board of Governors of the Federal Reserve System ("FRB"), the Federal Deposit Insurance Corporation ("FDIC"), the Federal Housing Finance Agency ("FHFA"), the Farm Credit Administration ("FCA") and the Office of the Comptroller of the Currency ("OCC").

In particular, we are concerned that the proposed requirement to tie a SBS's minimum level of net capital to 8% of the level of margin required to be collected by it with respect to SBS would require the maintenance of resources far in excess of the actual risks presented by a SBS's exposures. Similarly, the proposed requirements to apply deductions to net capital based on the level of margin required for SBS would also be excessive, as well as inconsistent with the proposed capital regimes for SDs and banks SBSs (*e.g.*, by requiring 100% deductions for collateral held by third-party custodians and legacy account positions). The six SIFMA member firms who operate alternative net capital ("ANC") broker-dealers have preliminarily projected that, in light of the severity of these requirements, the amount of capital that would be required for the single business line of SBS dealing under the Proposal would exceed \$87 billion, the amount of capital currently devoted to all of those firms' securities businesses combined, including investment banking, prime brokerage, market making and retail brokerage.<sup>74</sup>

We also believe that entity-level liquidity stress test requirements are likely to be destabilizing by trapping assets within SBS subsidiaries and preventing centralized liquidity risk management. Given the limits on available liquid assets, it is more systemically sound for liquidity to be managed in an integrated, group-wide manner, so that a subsidiary with excess liquidity can provide resources to one that is under stress. There is no empirical evidence, nor do we believe, that the risks arising from the SBS dealing business are greater than the aggregate risks arising from all of these other businesses. Furthermore, we believe that Dodd-Frank's reforms, most notably the significant expansion of central clearing and daily exchange of variation margin for uncleared SBS, will significantly decrease the risk in the SBS dealing business

Additionally, SIFMA is concerned that mandatory initial margin requirements would replace potential exposure with actual exposure, reduce overall market liquidity, exacerbate pro-cyclical shocks and, if extended universally, place margin in the hands of entities not subject to prudential supervision. While we appreciate the Commission's efforts to mitigate these adverse impacts by proposing to limit initial margin requirements to the collection of initial margin by SBSs from financial end users, even such limited initial margin requirements will have negative consequences. In this regard, SIFMA member firms have estimated that the liquidity demands associated with mandatory initial margin requirements are likely to range between approximately \$1.1 trillion (if dealers are not required to collect from each other) to \$3 trillion (if dealers must collect from each other) to \$4.1 trillion (if dealers must post to non-dealers).<sup>75</sup>

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<sup>74</sup> The firms estimated the amount capital currently devoted to their securities businesses by determining the amount of capital, after deductions for non-allowable assets and capital charges, that is necessary for them to have net capital in excess of the early warning level specified in Rule 17a-11.

<sup>75</sup> The ultimate amount would depend on the extent to which firms use models instead of standardized haircuts and the extent of any initial margin thresholds. A more detailed depiction of estimated initial margin levels is contained as Figure 1 in Appendix 2 to this letter. To create the estimates in Figure 1, we used data submitted by several SIFMA member firms in response to the Quantitative Impact Study ("QIS") conducted in connection with the international consultation on margin requirements for uncleared derivatives released in July 2012. Since SIFMA prepared these estimates, the results of the QIS were released as part of a second consultation. We are still studying those results. However, we note that the QIS results presented generally assume that all firms use approved internal models. Our estimates, in

Moreover, in stressed conditions, we estimate that initial margin amounts collected by firms that use internal models could increase by more than 400%. These mandatory initial margin requirements cannot be reconciled with the Commission's statutory mandate under Dodd-Frank and the Exchange Act, nor has the Commission offered a sufficient basis to justify their adoption consistent with that mandate. Indeed, in SIFMA's view, their adoption likely would substantially limit the availability of essential credit and magnify the adverse effects of financial shocks on the broader economy.

**The Proposal Would Make Nonbank SBSDs Uncompetitive.** It is essential, as both a statutory and a policy matter, for the Commission to take into account that bank and nonbank SBSDs are engaged in the same fundamental business – entering into SBS transactions with the same customers and in the same markets. Accordingly, while we recognize that there are relevant differences between bank and nonbank dealer business models (e.g., relating to types of funding and access to backstop liquidity), it would be inconsistent with Dodd-Frank, and with preserving the competitiveness of nonbank SBSDs, to adopt capital and margin requirements that are not comparable to those of the Prudential Regulators to the maximum extent practicable.

Consistency between the Commission's and the CFTC's capital and margin requirements is also necessary for nonbank SBSDs to be competitive with bank SBSDs. Most SBSDs will also be registered as SDs. For nonbank SBSDs, this will mean compliance, at the same time, with both CFTC and Commission capital and margin requirements. Bank SBSDs, in contrast, will be subject to only to a single set of capital and margin requirements. As a result, subjecting dually registered nonbank SBS-SDs to two sets of inconsistent capital and margin requirements would impair their ability to compete effectively, without offering any incremental safety and soundness benefits.

In addition, nonbank SBSDs compete for business with foreign SBSDs. Foreign SBSDs generally must comply with Basel-compliant capital requirements similar to those applied by the Prudential Regulators. They also will, in most cases, be subject to margin requirements that are consistent with emerging international standards. As noted above, Dodd-Frank requires the Commission to consult and coordinate with foreign regulatory authorities on the establishment of consistent international standards with respect to the regulation of SBS. We appreciate the steps the Commission has taken to satisfy this mandate through its participation as part of the Working Group on Margining Requirements of the Basel Committee on Banking Supervision (“BCBS”) and the International Organization of Securities Commissions (“IOSCO” and, together with BCBS, “BCBS/IOSCO”). Because BCBS/IOSCO has not yet finalized its recommendations for international margin standards, however, it is not possible at this time to evaluate the extent and likely impact of any inconsistencies between the Proposal and international standards. Accordingly, we urge the Commission, once the BCBS/IOSCO recommendations are final, to re-propose its margin rules for further public comment to address any modifications that might be necessary to conform to those recommendations or to seek input on any inconsistencies between them.

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contrast, focus on a mix of model-based and haircut-based initial margin amounts. In addition, the QIS results do not take into account the increased initial margin associated with a movement from non-stressed to stressed market conditions.

**The Proposal's Inconsistencies with Other Regulators' Regimes Would Increase Costs and Risks.** To the extent that the Commission's requirements for dually registered SD-SBSDs apply in addition to, or in a manner inconsistent with, CFTC requirements, such requirements would exacerbate the burdens imposed by those existing requirements and tend to promote inefficiencies by discouraging dual registration. Discouraging dual registration is particularly problematic because conducting the swap and SBS dealing business in two different legal entities will reduce opportunities for netting, thereby increasing credit risk between the dealer and its customers and increasing the amount of margin required to be posted by, and the associated liquidity demands on, customers.

We see no justification, from a cost-benefit perspective, to applying inconsistent capital and margin regimes to a SBSB that is also registered as an SD, except to the minimum extent necessary to accommodate the applicable statutory regime created by Congress. Doing so would serve no purpose other than to require significant investment in the infrastructure necessary to monitor compliance with those regimes simultaneously without materially enhancing investor protection or safety and soundness.<sup>76</sup>

We further note that similar considerations apply in respect of other registration categories. Many SBSBs will conduct an integrated equity derivatives business, dealing in SBS and OTC options, and so accordingly will be registered as OTC derivatives dealers. For these reasons, we strongly urge the Commission to take every step possible to coordinate with the CFTC in the adoption of consistent capital and margin requirements.<sup>77</sup>

**A More Risk-Sensitive Approach Would Better Achieve Dodd-Frank's Objectives.** SIFMA has suggested below modifications to the Proposal that are intended to achieve Dodd-Frank's objectives while also addressing these considerations. In particular, we strongly urge the Commission to (i) adopt a more risk-sensitive minimum capital requirement, (ii) eliminate its proposed 100% capital deductions for collateral held by third-party custodians and undermargined legacy accounts, (iii) harmonize its liquidity stress test requirements with the applicable FRB and Basel requirements and (iv) focus on establishing a robust, two-way variation margin regime, rather than a mandatory initial margin regime.

In each case we believe that the suggested modification is both necessary and appropriate to make the relevant requirement more risk-sensitive or to prevent unintended risks and costs, to SBSBs or the financial system more generally. Moreover, we believe that the capital and margin regime, as modified to reflect our suggestions, would still ensure that nonbank SBSBs hold adequate capital (including for illiquid assets and unsecured exposures), prevent the buildup of unsecured exposures with respect to SBS, and generally reduce leverage in the financial system.

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<sup>76</sup> We observe that differences in the regimes applicable to bank and nonbank SBSBs raise similar issues for firms that conduct SBS activities through both bank and nonbank subsidiaries.

<sup>77</sup> References in this letter to stand-alone SBSBs that are approved to use internal models are also intended to apply to OTC derivatives dealers that are dually registered as SBSBs.

A summary of our specific recommendations for a more risk-sensitive approach is set forth below.

## **CAPITAL REQUIREMENTS**

- **Minimum Capital Requirements.** We support the Proposal's fixed dollar minimum capital requirements. However, for the adjustable minimum capital requirement, we suggest two alternative ratios to the proposed 8% margin factor that we believe will be better tailored to the actual overall risk presented by a SBSB's activities: (a) for stand-alone SBSBs that use internal models and ANC broker-dealers, a ratio based on a percentage of the entity's market and credit risk charges to capital and (b) for stand-alone and broker-dealer SBSBs that do not use internal models, a ratio based on a credit quality adjusted version of the proposed 8% margin factor.
- **Market Risk Charges.**
  - Adoption of Banking Agencies' Market Risk Capital Rule Revisions. We support the incorporation of Basel 2.5 market risk standards into capital requirements for ANC broker-dealers, OTC derivatives dealers and nonbank SBSBs that use internal models, with a conforming adjustment to reflect that Basel 2.5 add-ons should not apply to assets for which the Commission already requires a firm to take a 100% haircut.
  - VaR Model Standards and Application Process. We request that the Commission adopt an expedited model review and approval process for models that have been approved and are subject to periodic assessment by the FRB or a qualifying foreign regulator.
  - Standardized Market Risk Haircuts. We suggest several modifications to the proposed standardized market risk haircuts for SBSBs that do not have approval to use internal models:
    - For cleared swaps and SBS (regardless of asset class), the capital charge should be based on the clearing organization's initial margin requirement, similar to the Commission's current treatment of futures in Appendix B of Rule 15c3-1.
    - For credit default swaps ("CDS"), we believe that the disparity between the proposed haircuts and capital charges derived from internal models is sufficiently wide to merit further review by the Commission of empirical data regarding the historical market volatility and losses given default associated with CDS positions.
    - For interest rate swaps, the capital charge should be calculated using solely the U.S. government securities grid, without the proposed 1% minimum haircut.

- For transactions in highly liquid currencies, the capital charge should be based on the current haircuts for similar maturity commercial paper, bankers acceptances and certificates of deposit or U.S. government securities. The capital rules also should recognize offsets between foreign exchange transactions and swaps, SBS and securities forward transactions.
- **Credit Risk Charges.** We recommend that, in the case of an ANC broker-dealer or a stand-alone nonbank SBS approved to use internal models, the Commission should not limit the use of a credit risk charge in lieu of a 100% deduction for uncollateralized receivables to SBS with a commercial end user.
- **Capital Charge In Lieu of Margin.**
  - **Third Party Custodian Deduction.** We strongly urge the Commission to eliminate its proposed 100% deduction for collateral held by a third-party custodian. Instead, the Commission should address any concerns it has regarding custodial arrangements directly through rules regarding the terms and conditions of such arrangements, for bank and nonbank SBSs alike.
  - **Legacy Account Deduction.** We strongly urge the Commission to modify the proposed 100% deduction for undermargined legacy accounts by instead adopting either a credit risk charge or a credit concentration charge, with an exception permitting SBSs to elect to exclude from accounts subject to the charge any currently uncleared positions in a type of SBS for which a clearing agency has made an application to the Commission to accept the SBS for clearing.
  - **Cleared SBS Deduction.** We request that the Commission eliminate the proposed 100% deduction for a shortfall between clearing agency minimum margin requirements and proprietary capital charges, and instead address any concerns regarding clearing agency minimum margin requirements directly through its regulation of clearing agencies.
- **Liquidity Stress Test Requirements.** While we support enhancing liquidity requirements for financial institutions, we strongly urge the Commission to modify its proposed stress test requirements to align them with applicable Basel and FRB requirements, including by adopting an exception for firms subject to consolidated stress test requirements.
- **OTC Derivatives Dealers.** We request that the Commission modify its OTC derivatives dealer framework through conditional exemptions that would allow an OTC derivatives dealer to dually register as a stand-alone SBS.
- **SBS Brokerage Activities.** A broker-dealer SBS that is approved to use internal models should not be subject to the higher minimum capital requirements applicable to an ANC broker-dealer if it limits the scope of its brokerage activities to brokerage activity incidental to clearing SBS and accepting and sending customer orders for execution on a SBS execution facility.



## **MARGIN REQUIREMENTS**

- **Initial Margin Requirements.** As noted above, mandatory initial margin requirements would replace potential exposure with actual exposure, reduce overall market liquidity, exacerbate pro-cyclical shocks and, if extended universally, place margin in the hands of entities not subject to prudential supervision. Accordingly, we strongly urge the Commission (as well as the CFTC and the Prudential Regulators) to focus on establishing a robust, two-way variation margin regime, while continuing to evaluate, in consultation with interested constituencies, including international regulators, effective methodologies to further mitigate systemic risk without causing the adverse impacts that would result from initial margin collection requirements
- **Exceptions to the Margin Collection Requirement.** We request that the Commission make the following modifications to the exceptions to the margin collection requirement:
  - **Commercial End Users.** We request that the Commission make the definition of commercial end user for the margin exception consistent with the definition for the mandatory clearing exception, and the margin proposals of other U.S. and international regulators.
  - **Sovereign Entities.** We request that the Commission ensure that its treatment of sovereign entities is consistent with international standards.
  - **Affiliates.** We request that the Commission apply margin requirements to inter-affiliate transactions only when one of the affiliates is unregulated.
  - **Structured Finance or Securitization SPVs.** Where alternative security arrangements are in place, we request that SBS with a structured finance or securitization SPV be excluded from margin requirements. Furthermore, a SBS's security interest in accordance with the SPV's governing documents should be considered a substitute for the collection of collateral and no capital charge for foregone margin should be required.
- **Eligible Collateral.** We support the Commission's proposed requirements regarding the scope of eligible collateral, except that we request that it clarify that the requirement that the SBS maintain possession and control of the collateral should apply only to "excess securities collateral" as defined in its proposed segregation rules.

## **SEGREGATION REQUIREMENTS**

- **Omnibus Segregation Requirements.** We generally support the Commission's proposed omnibus segregation requirements, but have identified a number of technical issues and questions that we believe merit further consultation by the Commission with interested constituencies.

- ***Individual Segregation Requirements.*** We request that the Commission clarify certain aspects of the individual segregation requirements, including who should receive the notice regarding the counterparty's right to elect individual segregation, the time at which a segregation election takes effect and the scope of transactions to which it applies.
- ***Segregation Requirements for Bank SBSDs.*** For a SBSB that has a Prudential Regulator, we request that the Commission adopt an exception from segregation requirements, except those pertaining to the customer's right to elect individual segregation.

#### **PHASED IMPLEMENTATION**

- We request that the Commission provide a 24-month phase-in period for variation margin requirements, with a 12-month phase-in period for uncleared SBS between SBSBs.
- We also request that the Commission's proposed capital rules (other than the application of Basel 2.5) not take effect until the later of two years from the effective date of the Proposal's margin requirements or the effective date for Basel III's minimum capital requirements.

## Appendix B

### EXECUTIVE SUMMARY<sup>78</sup>

Implicit in the BCBS-IOSCO Framework is the recognition of the importance of inter- and intra-national consistency in margin requirements for non-centrally cleared derivatives (“**OTC margin requirements**”). As the Agencies consider national implementation of the BCBS-IOSCO Framework, their principal objective should be to ensure such consistency. As we explain more fully in the discussion section of this letter, to achieve that objective, and more generally to reduce systemic risk, we recommend that the Agencies take the following steps:

- **Mitigation of adverse procyclical effects.** To avoid resulting destabilizing calls for collateral during periods of extreme market stress, the Agencies should clarify that a market participant is not required, absent a direction from its prudential supervisor, to recalibrate the baseline stress scenarios and market shocks incorporated in its quantitative portfolio models based on dynamic changes in market volatilities and correlations.
- **Model approval.** To promote consistency, efficiency and transparency, the Agencies should: (a) recognize quantitative portfolio models that have been approved by home country supervisors (for firms registered in multiple jurisdictions) and consolidated supervisors (for firms subject to consolidated supervision by another regulator), in each case subject to a comparability determination; (b) permit non-registrants to use models administered by their registrant counterparties; and (c) accommodate the use of standardized models, including by non-registrants.
- **Initial margin timing requirements.** To minimize disruptive margin disputes, the Agencies should initially adopt a weekly initial margin schedule and then decrease the interval and increase the frequency of initial margin collection as portfolio reconciliation disputes are resolved more quickly and the use of standardized models becomes more widespread.
- **Consistent definitions for covered entities.** To promote international harmonization, the Agencies should (a) conform their definition of “financial entity” to the “financial counterparty” definition applicable under European rules and (b) exclude sovereign entities under a common definition of this category.
- **Structured finance/securitization SPVs.** In recognition of the appropriate alternative collateral arrangements already in place for swaps/security-based swaps with structured finance and securitization special purpose vehicles (“**SPVs**”), the Agencies should adopt an exception for non-centrally cleared swaps and security-based swaps with such entities.
- **Inter-affiliate swaps and security-based swaps.** To promote effective group-wide risk management, the Agencies should adopt an exception for non-centrally cleared swaps and security-based swaps between affiliates.

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<sup>78</sup> This executive summary is taken from the SIFMA Comment Letter on Margin for Uncleared Swaps at 2-4.

- **Limited “emerging market” exception.** To promote competitive parity in emerging markets while still ensuring appropriate mitigation of risk to the U.S., the Agencies should adopt an “emerging market” exception with a notional volume limitation analogous to the CFTC’s exception from transaction-level requirements for foreign branches of U.S. banks.
- **Portfolio margining.** To prevent unwarranted competitive disparities between different categories of registrant, the Agencies should accommodate portfolio margining of OTC derivatives to the fullest extent contemplated by the BCBS-IOSCO Framework.
- **Eligible collateral.** The Agencies should promote international harmonization with respect to the definitions of different categories of eligible collateral assets and provide guidance on the use of industry-developed definitions for the categories of collateral assets.
- **Phased implementation.** In recognition of the dependency of implementation efforts on specific rules that have not yet been adopted (*e.g.*, definitions for covered entities, covered products, and eligible collateral), OTC margin requirements should not come into effect until two years after final rules have been adopted in the U.S., the European Union and Japan.

## Appendix C

### Suggested Edits to Proposed Rule 18a-1<sup>79</sup>

#### [Corresponding edits would apply to Rule 15c3-1(f)]

*Additions are underlined; deletions are marked with strikethrough.*

#### Proposed Rule 18a-1

##### (f) Liquidity requirements.

(1) Liquidity stress test. A security-based swap dealer that computes net capital under paragraph (a)(2) of this Rule 18a-1 must perform a liquidity stress test at least monthly, the results of which must be provided within ten business days to senior management that has responsibility to oversee risk management at the security-based swap dealer. The assumptions underlying the liquidity stress test must be reviewed at least quarterly by senior management that has responsibility to oversee risk management at the security-based swap dealer and at least annually by senior management of the security-based swap dealer. The liquidity stress test must include, at a minimum, the following assumed conditions lasting for 30 consecutive days:

(A) A stress event includes a decline in creditworthiness of the broker or dealer severe enough to trigger contractual credit-related commitment provisions of counterparty agreements;

(B) The loss of all existing unsecured funding at the earlier of its maturity or put date and an inability to acquire a material amount of new unsecured funding from third parties or non-affiliates, ~~including intercompany advances and unfunded committed lines of credit~~;

(C) The potential for a material net loss of secured funding for less liquid assets;

(D) The loss of the ability to procure repurchase agreement financing for less liquid assets;

(E) The illiquidity of collateral required by and on deposit at clearing agencies or other entities which is not deducted from net worth or which is not funded by customer assets;

(F) A material increase in collateral required to be maintained at registered clearing agencies of which it is a member; and

(G) The potential for a material loss of liquidity caused by market participants exercising contractual rights and/or refusing to enter into transactions with respect to the various businesses, positions, and commitments of the security-based swap dealer, including those related to customer businesses of the security-based swap dealer.

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<sup>79</sup> The suggested edits to proposed Rule 18a-1 are contained in SIFMA, "SEC Liquidity Presentation" (Jan. 10, 2014), available at: <http://www.sec.gov/comments/s7-08-12/s70812-55.pdf>.

(2) Stress test of consolidated entity. The security-based swap dealer must justify and document any differences in the assumptions used in the liquidity stress test of the security-based swap dealer from those used in the liquidity stress test of the consolidated entity of which the security-based swap dealer is a part.

(3) Liquidity reserves. ~~The Subject to the provisions of paragraph (f)(4) of this Rule 18a-1, the~~ security-based swap dealer must maintain at ~~all times the end of each business day~~ liquidity reserves based on the results of the liquidity stress test. The liquidity reserves used to satisfy the liquidity stress test must be:

(A) (i) Cash, obligations of the United States, or obligations fully guaranteed as to principal and interest by the United States; and

~~(Bii)~~ Unencumbered and free of any liens at all times; or

(B) Any assets that qualify as “high-quality liquid assets” in 12 C.F.R. § \_\_.20.

Securities in the liquidity reserve can be used to meet delivery requirements as long as cash or other acceptable securities of equal or greater value are moved into the liquidity pool contemporaneously.

(4) Consolidated liquidity compliance program. A security-based swap dealer that is a consolidated subsidiary of a bank holding company that has submitted a resolution plan to the Board of Governors of the Federal Reserve System (the “Board”) and the Federal Deposit Insurance Corporation (the “Corporation”) during the most recent completed annual cycle, pursuant to 12 C.F.R. § 243, may apply to the Commission for approval to adopt a consolidated liquidity compliance program in lieu of maintaining the liquidity reserves that would otherwise be required by paragraph (f)(3) of this Rule 18a-1. A security-based swap dealer that has received approval from the Commission, in writing, to adopt a consolidated liquidity compliance program may maintain all or a portion of its liquidity reserves with its top-tier bank holding company [or an affiliate], as determined by the security-based swap dealer. A consolidated liquidity compliance program must ensure that the bank holding company, on a consolidated basis, complies with applicable liquidity requirements imposed by the Board and must require the bank holding company to monitor the liquidity needs of, and provide liquidity support to, the security-based swap dealer subsidiary, as necessary.

When evaluating requests under this paragraph (f)(4), the Commission shall consider:

(A) The extent to which the resolution plan anticipates the security-based swap dealer receiving liquidity support in the event of material financial distress at the bank holding company; and

(B) Whether the Board or the Corporation has objected to any relevant provision of the bank holding company’s resolution plan for the most recent completed annual cycle and, if so, whether the bank holding company has resolved any such objections.

(5) Contingency funding plan. (A) The security-based swap dealer must have a written contingency funding plan that addresses the security-based swap dealer's policies and the roles and responsibilities of relevant personnel for meeting the liquidity needs of the security-based swap dealer and communications with the public and other market participants during a liquidity stress event.

(B) A security-based swap dealer that has received approval from the Commission to adopt a consolidated liquidity compliance program under paragraph (f)(4) may rely on the contingency funding plan adopted by its top-tier bank holding company rather than adopt a separate contingency funding plan under this paragraph (f)(5).

## Appendix D

The following is a non-exhaustive list of places where proposed Form SBS is unclear or incomplete:

- In Part 1 of proposed Form SBS:
  - There is no reference to foreign SBSDs or MSBSPs or OTC Derivative Dealers that are dually registered as an SBSD or MSBSP.
  - It is unclear how the lines relating to “Failed to deliver,” “Securities borrowed,” and “Omnibus accounts” relate to security-based swaps. Are they intended to refer to securities transactions in connection with the settlement of security-based swaps, to securities that are used as collateral for security-based swaps, or to something else?
  - Receivables are broken out differently on the asset side than payables are broken out on the liability side, which results in a mismatch of entries.
  - It is unclear what “Other derivatives payables” refers to on line 23.
- In Part 2 of proposed Form SBS:
  - The referenced notes (*i.e.*, Notes B, C, and D) are not on the form;
  - The Commission does not define borrows, loans or fails on lines 7, 8, and 9, which would be helpful to ensure accurate calculation – does this refer to collateral only?
  - The security count reference on line 7 is inconsistent with proposed Rule 18a-9, which does not require a bank SBSD to conduct this count.
  - In the reserve computation section on lines 21 and 22, the reference to line 21, should be to line 20.
- In Part 4 of proposed Form SBS, which would apply to nonbank SBSDs and nonbank MSBSPs, and consists of four schedules that elicit detailed information about a firm’s security-based swap and swap positions, counterparties, and exposures:
  - The Commission should clarify what “Other derivatives and options” in line 15 refers to. Is this intended to capture listed and unlisted options, or something else?
  - There is a request for information regarding “current net exposure” and “total exposure,” but both requests contain columns that request information regarding “current net exposure” and “total exposure.” It is unclear what information the Commission is trying to elicit from firms.



- In Part 5 of proposed Form SBS:
  - The reference to longs and shorts should be defined – is the reference to stock record, exposure, or balance sheet?

## Appendix E

The following are examples of how proposed Form SBS does not adequately address the concerns of U.S. and foreign bank SBSDs and bank MSBSPs.

- Noting that banks must file financial statements and supporting schedules known as “call reports” with their prudential regulator, the Commission states that it believes that the most common form of call report for a bank that would register as an SBS or MSBSP is Form FFIEC 031. However, banks submit a variety of call reports depending on the type of firm. For example, U.S. branches and agencies of foreign banks file Form FFIEC 002. Because the information contained on Form FFIEC 002 is not identical to Form FFIEC 031, the Commission is incorrect in assuming that banks will necessarily be able to complete Part 2 of proposed Form SBS based on “call reports.” Foreign bank SBSDs and bank MSBSPs would need to generate new information to fill out Part 2 of proposed Form SBS.
- Banks are required to file call reports with their prudential regulator 30 days after the end of a quarter.<sup>80</sup> The Commission should modify the time period for bank SBSDs and bank MSBSPs to file proposed Form SBS to conform to the time such entities have to file their call reports.

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<sup>80</sup> See Instructions for Call Report FFIEC 002 (Preparation of Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks) at Gen-1, *available at*: [http://www.ffiec.gov/PDF/FFIEC\\_forms/FFIEC002\\_201403\\_i.pdf](http://www.ffiec.gov/PDF/FFIEC_forms/FFIEC002_201403_i.pdf); Instructions for Call Reports FFIEC 031 and 041 (Preparation of Consolidated Reports of Condition and Income) at 7 (6-13), *available at*: [http://www.ffiec.gov/pdf/FFIEC\\_forms/FFIEC031\\_FFIEC041\\_201406\\_i.pdf](http://www.ffiec.gov/pdf/FFIEC_forms/FFIEC031_FFIEC041_201406_i.pdf).

Items on this page to be reported by a: Stand-Alone SBSD  
Broker-Dealer SBSD  
Stand-Alone MSBSP  
Broker-Dealer MSBSP

**ASSETS**

<u>Assets</u>	<u>Allowable</u>	<u>Non-Allowable</u>	<u>Total</u>
1. Cash.....	\$ _____ 200		\$ _____ 750
2. Cash segregated in compliance with federal and other regulations.....	\$ _____ 210		\$ _____ 760
3. Receivables from brokers/dealers and clearing organizations			
A. Failed to deliver			
1. Includible in the formula for reserve requirement under Rule 15c3-3a .....	\$ _____ 220		
2. Includible in the formula for the deposit requirement under Rule 18a-4a.....	\$ _____ 999		
3. Other .....	\$ _____ 230		\$ _____ 770
B. Securities borrowed			
1. Includible in the formula for reserve requirement under Rule 15c3-3a .....	\$ _____ 240		
2. Includible in the formula for the deposit requirement under Rule 18a-4a.....	\$ _____ 999		
3. Other .....	\$ _____ 250		\$ _____ 780
C. Omnibus accounts			
1. Includible in the formula for reserve requirement under Rule 15c3-3a .....	\$ _____ 260		
2. Includible in the formula for the deposit requirement under Rule 18a-4a.....	\$ _____ 999		
3. Other .....	\$ _____ 270		\$ _____ 790
D. Clearing organizations			
1. Includible in the formula for reserve requirement under Rule 15c3-3a .....	\$ _____ 280		
2. Includible in the formula for the deposit requirement under Rule 18a-4a.....	\$ _____ 999		
3. Other .....	\$ _____ 290		\$ _____ 800
E. Other .....	\$ _____ 300	\$ _____ 550	\$ _____ 810
4. Receivables from customers			
A. Securities accounts			
1. Cash and fully secured accounts.....	\$ _____ 310		
2. Partly secured accounts .....	\$ _____ 320	\$ _____ 560	
3. Unsecured accounts .....		\$ _____ 570	
B. Commodity accounts.....	\$ _____ 330	\$ _____ 580	
C. Allowance for doubtful accounts .....	\$ ( _____ ) 335	\$ ( _____ ) 590	\$ _____ 820
5. Receivables from non-customers			
A. Cash and fully secured accounts.....	\$ _____ 340		
B. Partly secured and unsecured accounts .....	\$ _____ 350	\$ _____ 600	\$ _____ 830
6. Securities purchased under agreements to resell .....	\$ _____ 360	\$ _____ 605	\$ _____ 840
7. Trade date receivable .....	\$ _____ 292		\$ _____ 802
8. Total securities, including security-based swaps, and spot commodities and swaps owned at market value.....	\$ _____ 849		\$ _____ 850
Includes encumbered securities of: \$ _____ 120			
9. Securities owned not readily marketable			
A. At cost .....	\$ _____ 130	\$ _____ 440	\$ _____ 610
10. Other investments not readily marketable			
A. At cost .....	\$ _____ 140		
B. At estimated fair value .....	\$ _____ 450	\$ _____ 620	\$ _____ 870

Name of Firm: \_\_\_\_\_

As of: \_\_\_\_\_

Items on this page to be reported by a: Stand-Alone SBSD  
Broker-Dealer SBSD  
Stand-Alone MSBSP  
Broker-Dealer MSBSP

<u>Assets</u>	<u>Allowable</u>	<u>Non-Allowable</u>	<u>Total</u>
11. Securities borrowed under subordination agreements and partners' individual and capital securities accounts, at market value			
A. Exempted securities..... \$ _____	150		
B. Other..... \$ _____	160	630	880
12. Secured demand notes – market value of collateral			
A. Exempted securities..... \$ _____	170		
B. Other..... \$ _____	180	640	890
13. Memberships in exchanges			
A. Owned, at market value..... \$ _____	190		
B. Owned at cost.....		650	
C. Contributed for use of company, at market value.....		660	900
14. Investment in and receivables from affiliates, subsidiaries and associated partnerships.....	480	670	910
15. Property, furniture, equipment, leasehold improvements and rights under lease agreements			
At cost (net of accumulated depreciation and amortization).....	490	680	920
16. Other assets			
A. Dividends and interest receivable.....	500	690	
B. Free shipments.....	510	700	
C. Loans and advances.....	520	710	
D. Miscellaneous.....	530	720	
E. Collateral accepted under ASC 860.....	536		
F. SPE Assets.....	537		930
17. TOTAL ASSETS.....	540	740	940

Note: MSBSPs should only complete the Allowable and Total columns.

Name of Firm: \_\_\_\_\_

As of: \_\_\_\_\_

Items on this page to be reported by a: Stand-Alone SBSD  
Broker-Dealer SBSD  
Stand-Alone MSBSP  
Broker-Dealer MSBSP

**LIABILITIES AND OWNERSHIP EQUITY**

Liabilities	A.I. Liabilities	Non-A.I. Liabilities	Total
18. Bank loans payable			
A. Includible in the formula for reserve requirements under Rule 15c3-3a.....	\$ 1030	\$ 1240	\$ 1460
B. Includible in the formula for the deposit requirement under Rule 18a-4a.....	\$ 9999	\$ 9999	\$ 9999
C. Other.....	\$ 1040	\$ 1250	\$ 1470
19. Securities sold under repurchase agreements .....		\$ 1260	\$ 1480
20. Payable to brokers/dealers and clearing organizations			
A. Failed to receive			
1. Includible in the formula for reserve requirements under Rule 15c3-3a ....	\$ 1050	\$ 1270	\$ 1490
2. Includible in the formula for the deposit requirement under Rule 18a-4a ..	\$ 9999	\$ 9999	\$ 9999
3. Other .....	\$ 1060	\$ 1280	\$ 1500
B. Securities loaned			
1. Includible in the formula for reserve requirements under Rule 15c3-3a ....	\$ 1070		\$ 1510
2. Includible in the formula for the deposit requirement under Rule 18a-4a ..	\$ 9999		\$ 9999
3. Other .....	\$ 1080	\$ 1290	\$ 1520
C. Omnibus accounts			
1. Includible in the formula for reserve requirements under Rule 15c3-3a ....	\$ 1090		\$ 1530
2. Includible in the formula for the deposit requirement under Rule 18a-4a ..	\$ 9999		\$ 9999
3. Other .....	\$ 1095	\$ 1300	\$ 1540
D. Clearing organizations			
1. Includible in the formula for reserve requirements under Rule 15c3-3a ....	\$ 1100		\$ 1550
2. Includible in the formula for the deposit requirement under Rule 18a-4a ..	\$ 9999		\$ 9999
3. Other .....	\$ 1105	\$ 1310	\$ 1560
E. Other .....	\$ 1110	\$ 1320	\$ 1570
21. Payable to customers			
A. Securities accounts – including free credits of .....	\$ 950	\$ 1120	\$ 1580
B. Commodities accounts .....	\$ 1130	\$ 1330	\$ 1590
C. Security-based swap accounts – including free credits of.....	\$ 999	\$ 9999	\$ 9999
D. Swap accounts .....	\$ 9999	\$ 9999	\$ 9999
22. Payable to non-customers			
A. Securities accounts.....	\$ 1140	\$ 1340	\$ 1600
B. Commodities accounts .....	\$ 1150	\$ 1350	\$ 1610
C. Security-based swap accounts .....	\$ 9999	\$ 9999	\$ 9999
D. Swap accounts .....	\$ 9999	\$ 9999	\$ 9999
23. Other derivatives payables.....	\$ 9999	\$ 9999	\$ 1561
24. Trade date payable.....	\$ 9999	\$ 9999	\$ 1562
25. Securities sold but not yet purchased at market value – including arbitrage of .....	\$ 960		\$ 1620
26. Accounts payable and accrued liabilities and expenses			
A. Drafts payable.....	\$ 1160		\$ 1630
B. Accounts payable .....	\$ 1170		\$ 1640
C. Income taxes payable.....	\$ 1180		\$ 1650
D. Deferred income taxes .....		\$ 1370	\$ 1660
E. Accrued expenses and other liabilities .....	\$ 1190		\$ 1670
F. Other .....	\$ 1200	\$ 1380	\$ 1680
G. Obligation to return securities .....	\$ 9999	\$ 9999	\$ 1686
H. SPE liabilities .....	\$ 9999	\$ 9999	\$ 1687

Name of Firm: \_\_\_\_\_

As of: \_\_\_\_\_

Items on this page to be reported by a: Stand-Alone SBSD  
Broker-Dealer SBSD  
Stand-Alone MSBSP  
Broker-Dealer MSBSP

27. Notes and mortgages payable					
A. Unsecured.....	\$		1210	\$	1690
B. Secured.....	\$		1211	\$	1390
				\$	1700
28. Liabilities subordinated to claims of creditors					
A. Cash borrowings.....				\$	1400
1. From outsiders.....	\$		970		
2. Includes equity subordination (Rule 15c3-1(d) or Rule 18a-1(h)) of.....	\$		980		
B. Securities borrowings, at market value.....				\$	1410
1. From outsiders.....	\$		990		
C. Pursuant to secured demand note collateral agreements.....				\$	1420
1. From outsiders.....	\$		1000		
2. Includes equity subordination (Rule 15c3-1(d) or Rule 18a-1(h)) of.....	\$		1010		
D. Exchange memberships contributed for use of company, at market value.....				\$	1430
E. Accounts and other borrowings not qualified for net capital purposes.....	\$		1220	\$	1440
29. TOTAL LIABILITIES.....	\$		1230	\$	1450
				\$	1760

Ownership Equity

30. Sole proprietorship.....				\$	1770
31. Partnership and limited liability company – including limited partners.....	\$		1020	\$	1780
32. Corporation					
A. Preferred stock.....	\$		1791		
B. Common stock.....	\$		1792		
C. Additional paid-in capital.....	\$		1793		
D. Retained earnings.....	\$		1794		
E. Total.....				\$	1795
F. Less capital stock in treasury.....				\$ (	1796
33. TOTAL OWNERSHIP EQUITY (sum of Line Items 1770, 1780, 1795, and 1796).....				\$	1800
34. TOTAL LIABILITIES AND OWNERSHIP EQUITY (sum of Line Items 1760 and 1810).....				\$	1810

Name of Firm: \_\_\_\_\_

As of: \_\_\_\_\_

Items on this page to be reported by a: Stand-Alone SBSB (Authorized to use models)  
Broker-Dealer SBSB (Authorized to use models)  
Broker-Dealer MSBSP (Authorized to use models)

Computation of Net Capital

1. Total ownership equity from Item 1800 .....	\$		3480
2. Deduct ownership equity not allowable for net capital .....	\$(		3490
3. Total ownership equity qualified for net capital .....	\$		3500
4. Add:			
A. Liabilities subordinated to claims of creditors allowable in computation of net capital .....	\$		3520
B. Other (deductions) or allowable credits (list) .....	\$		3525
5. Total capital and allowable subordinated liabilities .....	\$		3530
6. Deductions and/or charges			
A. Total nonallowable assets from Statement of Financial Condition .....	\$		3540
1. Additional charges for customers' and non-customers' security accounts .....	\$		3550
2. Additional charges for customers' and non-customers' commodity accounts .....	\$		3560
3. Additional charges for customers' and non-customers' security-based swap accounts .....	\$		9999
4. Additional charges for customers' and non-customers' swap accounts .....	\$		9999
B. Aged fail-to-deliver .....	\$		3570
1. Number of items .....			3450
C. Aged short security differences – less			
reserve of .....		3460	\$ 3580
number of items .....		3470	
D. Secured demand note deficiency .....	\$		3590
E. Commodity futures contracts and spot commodities – proprietary capital charges .....	\$		3600
F. Other deductions and/or charges .....	\$		3610
G. Deductions for accounts carried under Rules 15c3-1(a)(6) and (c)(2)(x) .....	\$		3615
H. Total deductions and/or charges (sum of Lines 6A-6G) .....	\$(		3620
7. Other additions and/or allowable credits (list) .....	\$		3630
8. Tentative net capital .....	\$		3640
9. Contractual securities commitments .....	\$		3660
10. Market risk exposure			
A. Total value at risk (sum of Lines 10A1-10A5) .....	\$		3634
Value at risk components			
1. Fixed income VaR .....	\$		3636
2. Currency VaR .....	\$		3637
3. Commodities VaR .....	\$		3638
4. Equities VaR .....	\$		3639
5. Credit derivatives VaR .....	\$		3641
B. Diversification benefit .....	\$		3642
C. Total diversified VaR (Line 10A minus Line 10B) .....	\$		3643
D. Multiplication factor .....	\$		3645
E. Subtotal (Line 10C multiplied by Line 10D) .....	\$		3655

Name of Firm: \_\_\_\_\_

As of: \_\_\_\_\_

Items on this page to be reported by a: Stand-Alone SBS (Authorized to use models)  
Broker-Dealer SBS (Authorized to use models)  
Broker-Dealer MSBS (Authorized to use models)

11. Deduction for specific risk, unless included in Line 10 above.....		\$		3646
12. Risk deduction using scenario analysis.....		\$		3647
A. Fixed income.....	\$		3648	
B. Currency.....	\$		3649	
C. Commodities.....	\$		3651	
D. Equities.....	\$		3652	
E. Credit derivatives.....	\$		3653	
13. Residual marketable securities (see Rule 15c3-1(c)(2)(vi) or 18a-1(c)(1)(vii), as applicable).....		\$		3665
14. Total market risk exposure (add Lines 10E, 11, 12 and 13).....		\$		3677
15. Credit risk exposure for commercial end user counterparties (see Appendix E to Rule 15c3-1 or Rule 18a-1(e)(2), as applicable)				
A. Counterparty exposure charge (add Lines 15A1 and 15A2).....		\$		3676
1. Net replacement value default, bankruptcy.....	\$		9999	
2. Credit equivalent amount exposure to the counterparty multiplied by the credit-risk weight of the counterparty multiplied by 8%.....	\$		9999	
B. Concentration charge.....		\$		3659
1. Credit risk weight ≤20%.....	\$		3656	
2. Credit risk weight >20% and ≤50%.....	\$		3657	
3. Credit risk weight >50%.....	\$		3658	
C. Portfolio concentration charge.....		\$		3678
16. Total credit risk exposure (add Lines 15A, 15B and 15C).....		\$		3688
17. Net capital (subtract Lines 9, 14 and 16 from Line 8).....		\$		3750

Name of Firm: \_\_\_\_\_

As of: \_\_\_\_\_



Items on this page to be reported by a: Stand-Alone SBSB (Not authorized to use models)  
Broker-Dealer SBSB (Not authorized to use models)  
Broker-Dealer MSBSP (Not authorized to use models)

Computation of Net Capital

1. Total ownership equity from Item 1800 .....	\$	_____	3480
2. Deduct ownership equity not allowable for net capital .....	\$	( _____ )	3490
3. Total ownership equity qualified for net capital .....	\$	_____	3500
4. Add:			
A. Liabilities subordinated to claims of creditors allowable in computation of net capital .....	\$	_____	3520
B. Other (deductions) or allowable credits (list) .....	\$	_____	3525
5. Total capital and allowable subordinated liabilities .....	\$	_____	3530
6. Deductions and/or charges			
A. Total nonallowable assets from Statement of Financial Condition .....	\$	_____	3540
1. Additional charges for customers' and non-customers' security accounts .....	\$	_____	3550
2. Additional charges for customers' and non-customers' commodity accounts .....	\$	_____	3560
3. Additional charges for customers' and non-customers' security-based swap accounts .....	\$	_____	9999
4. Additional charges for customers' and non-customers' swap accounts .....	\$	_____	9999
B. Aged fail-to-deliver .....	\$	_____	3570
1. Number of items .....		_____	3450
C. Aged short security differences-less reserve of .....	\$	_____	3460
1. Number of items .....		_____	3470
D. Secured demand note deficiency .....	\$	_____	3590
E. Commodity futures contracts and spot commodities – proprietary capital charges .....	\$	_____	3600
F. Other deductions and/or charges .....	\$	_____	3610
G. Deductions for accounts carried under Rule 15c3-1(a)(6) and (c)(2)(x) .....	\$	_____	3615
H. Total deductions and/or charges .....	\$	( _____ )	3620
7. Other additions and/or allowable credits .....	\$	_____	3630
8. Tentative net capital (net capital before haircuts) .....	\$	_____	3640
9. Haircuts on securities other than security-based swaps			
A. Contractual securities commitments .....	\$	_____	3660
B. Subordinated securities borrowings .....	\$	_____	3670
C. Trading and investment securities			
1. Bankers' acceptances, certificates of deposit, commercial paper, and money market instruments .....	\$	_____	3680
2. U.S. and Canadian government obligations .....	\$	_____	3690
3. State and municipal government obligations .....	\$	_____	3700
4. Corporate obligations .....	\$	_____	3710
5. Stocks and warrants .....	\$	_____	3720
6. Options .....	\$	_____	3730
7. Arbitrage .....	\$	_____	3732
8. Other securities .....	\$	_____	3734
D. Undue concentration .....	\$	_____	3650
E. Other (List: _____) .....	\$	_____	3736
10. Haircuts on security-based swaps .....	\$	_____	9999
11. Haircuts on swaps .....	\$	_____	9999
12. Total haircuts .....	\$	_____	3740
13. Net capital (Line 8 minus Line 12) .....	\$	_____	3750

Name of Firm: \_\_\_\_\_  
As of: \_\_\_\_\_

Items on this page to be reported by a: Broker-Dealer SBSD  
Broker-Dealer MSBSP

Calculation of Excess Tentative Net Capital (If Applicable)

1. Tentative net capital .....	\$	3640
2. Minimum tentative net capital requirement .....	\$	9999
3. Excess tentative net capital (difference between Lines 1 and 2).....	\$	9999
4. Tentative net capital in excess of 120% of minimum tentative net capital requirement reported on Line 2.....	\$	9999

Calculation of Minimum Net Capital Requirement

4. Ratio minimum net capital requirement		
A. 6 <sup>2</sup> / <sub>3</sub> % of total aggregate indebtedness (Line Item 3840) .....	\$	3756
B. 2% of aggregate debit items as shown in the Formula for Reserve Requirements pursuant to Rule 15c3-3.....	\$	3870
i. Minimum CFTC net capital requirement.....	\$	7490
C. 8% of risk margin amount .....	\$	9999
D. Minimum ratio requirement (sum of Lines 4A, 4B, and/or 4C, as applicable).....	\$	9999
5. Fixed-dollar minimum net capital requirement .....	\$	3880
6. Minimum net capital requirement (greater of Lines 4D and 5).....	\$	3760
7. Excess net capital (Item 3750 minus Item 3760).....	\$	3910
8. Net capital and tentative net capital in relation to early warning thresholds		
A. Net capital in excess of 120% of minimum net capital requirement reported on Line 6 .....	\$	9999
B. Net capital in excess of 5% of combined aggregate debit items as shown in the Formula for Reserve Requirements pursuant to Rule 15c3-3 .....	\$	9999

Computation of Aggregate Indebtedness

9. Total liabilities from Statement of Financial Condition (Item 1760) .....	\$	3790
10. 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
D. Total additions (sum of Line Items 3800, 3810, and 3820) .....	\$	3830
11. Deduct: Adjustment based on deposits in Special Reserve Bank Accounts (see Rule 15c3-1(c)(1)(vii)) .....	\$	3838
12. Total aggregate indebtedness (sum of Line Items 3790 and 3830) .....	\$	3840
13. Percentage of aggregate indebtedness to net capital (Item 3840 divided by Item 3750) .....	%	3850
14. Percentage of aggregate indebtedness to net capital <i>after</i> anticipated capital withdrawals (Item 3840 divided by Item 3750 less Item 4880).....	%	3853

Calculation of Other Ratios

15. Percentage of net capital to aggregate debits (Item 3750 divided by Item 4470) .....	%	3851
16. Percentage of net capital, <i>after</i> anticipated capital withdrawals, to aggregate debits (Item 3750 less Item 4880, divided by Item 4470).....	\$	3854
17. Percentage of debt to debt-to-equity total, computed in accordance with Rule 15c3-1(d).....	%	3860
18. Options deductions/net capital ratio (1000% test) total deductions exclusive of liquidating equity under Rule 15c3-1(a)(6) and (c)(2)(x) divided by net capital.....	\$	3852

Name of Firm: \_\_\_\_\_  
As of: \_\_\_\_\_

Items on this page to be reported by a: Stand-Alone SBS

Calculation of Excess Tentative Net Capital (If Applicable)

1. Tentative net capital .....	\$	3640
2. Fixed-dollar minimum tentative net capital requirement .....	\$	9999
3. Excess tentative net capital (difference between Lines 1 and 2).....	\$	9999
4. Tentative net capital in excess of 120% of minimum tentative net capital requirements reported on Line 2.....	\$	9999

Calculation of Minimum Net Capital Requirement

5. Ratio minimum net capital requirement – 8% of risk margin amount .....	\$	9999
6. Fixed-dollar minimum net capital requirement .....	\$	3880
7. Minimum net capital requirement (greater of Lines 4 and 5) .....	\$	3760
8. Excess net capital (Item 3750 minus Item 3760).....	\$	3910
9. Net capital in excess of 120% of minimum net capital requirement reported on Line 6 (Line Item 3750 – [Line Item 3760 x 120%]).....	\$	9999

Name of Firm: \_\_\_\_\_

As of: \_\_\_\_\_

Items on this page to be reported by a: Stand-Alone MSBSP  
Broker-Dealer MSBSP

1. Total ownership equity (from Item 1800).....	\$	_____	1800
2. Goodwill and other intangible assets .....	\$	_____	9999
3. Tangible net worth (Line 1 minus Line 2).....	\$	_____	9999

Name of Firm: \_\_\_\_\_  
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Items on this page to be reported by a: Stand-Alone SBSD  
Broker-Dealer SBSD  
Stand-Alone MSBSP  
Broker-Dealer MSBSP

REVENUE

FOCUS Report  
Reference Line

1. Fees, Commissions, or Premiums from Derivatives, Securities and Other Instruments				
A. Equities, ETFs and closed end funds.....	\$	13935	A: 3935	
B. Exchange listed equity securities executed OTC.....	\$	13937	C/II: 3937	
C. U.S. government and agencies.....	\$	11001		
D. Foreign sovereign debt.....	\$	11002		
E. Corporate debt.....	\$	11003		
F. Mortgage-backed and other asset-backed securities.....	\$	11004		
G. Municipals.....	\$	11005		
H. Listed options.....	\$	13938	A: 3938	
I. OTC options.....	\$	11006		
J. All other securities commissions.....	\$	13939	A: 3939	
K. Commodity transactions.....	\$	13991	C: 3991, II/IIIA: 3990	
L. Foreign exchange.....	\$	11007		
M. Security-based swaps.....	\$	99999		
N. Mixed swaps.....	\$	99999		
O. Swaps.....	\$	99999		
P. Aggregate amount if less than the greater of \$5,000 or 5% of total revenue (Item 14030) (do not complete Lines 1A-1O).....	\$	11008		
1. Is any portion of Line 1P related to municipal securities?.....	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	11009		
<b>Total Commissions (sum of Lines 1A-1O):</b>		\$	13940	A: 3940
2. Revenue from Sale of Investment Company Shares.....	\$	13970	A: 3970	
3. Revenue from Sale of Insurance Based Products				
A. Variable contracts.....	\$	11020		
B. Non-securities insurance based products.....	\$	11021		
C. Aggregate amount if less than the greater of \$5,000 or 5% of total revenue (Item 14030) (do not complete Lines 3A-3B).....	\$	11022		
<b>Total Revenue from Sale of Insurance Based Products (sum of Lines 3A-3B):</b>		\$	11029	
4. Gains or Losses on Derivative Trading Desks				
A. Interest rate/fixed income products.....	\$	13921	C: 3921	
B. Currency.....	\$	13922	C: 3922	
C. Equity products.....	\$	13923	C: 3923	
D. Commodity products.....	\$	13924	C: 3924	
E. Other.....	\$	13925	C: 3925	
<b>Total Gains or Losses on Derivative Trading (sum of Lines 4A-4E):</b>		\$	13926	C: 3926
5. Gains or Losses on Principal Trades (Do not report amounts already reported on Lines 4A-4E)				
A. Equities, ETFs and closed end funds. Includes dividends:.....	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	11030	\$ 13903	C: 3903
B. U.S. government and agencies. Includes interest:.....	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	11031	\$ 11032	C: 3901
C. Foreign sovereign debt. Includes interest:.....	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	11033	\$ 11034	C: 3901
D. Corporate debt. Includes interest:.....	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	11035	\$ 11036	C: 3901
E. Mortgage-backed and other asset-backed securities. Includes interest:.....	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	11037	\$ 11038	C: 3901
F. Municipal securities. Includes interest:.....	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	11039	\$ 13901	C: 3901
G. Listed options.....			\$ 11040	
H. OTC options.....			\$ 11041	
I. Commodity transactions.....			\$ 13904	C: 3904

Name of Firm: \_\_\_\_\_

As of: \_\_\_\_\_

Items on this page to be reported by a: Stand-Alone SBSB  
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Stand-Alone MSBSP  
Broker-Dealer MSBSP

J. Foreign exchange.....	\$	<u>13902</u>	C: 3902
K. Futures.....	\$	<u>11044</u>	
L. Security-based swaps (sum of Lines 5L1-5L4).....	\$	<u>11042</u>	
1. Debt security-based swaps (other than credit default swaps).....	\$	<u>99999</u>	
2. Equity security-based swaps.....	\$	<u>99999</u>	
3. Credit default security-based swaps.....	\$	<u>99999</u>	
4. Other security-based swaps.....	\$	<u>99999</u>	
M. Mixed swaps.....	\$	<u>99999</u>	
N. Swaps (sum of Lines 5N1-5N7).....	\$	<u>11043</u>	
1. Interest rate swaps.....	\$	<u>99999</u>	
2. Foreign exchange swaps.....	\$	<u>99999</u>	
3. Commodity swaps.....	\$	<u>99999</u>	
4. Debt index swaps (other than credit default swaps).....	\$	<u>99999</u>	
5. Equity index swaps.....	\$	<u>99999</u>	
6. Credit default swaps.....	\$	<u>99999</u>	
7. Other swaps.....	\$	<u>99999</u>	
O. Other.....	\$	<u>13951</u>	C: 3951
P. Aggregate amount if less than the greater of \$5,000 or 5% of total revenue (Item 14030) (do not complete Lines 5A-5O).....	\$	<u>11045</u>	
1. Is any portion of Line 5P related to municipal securities?.....	Yes <input type="checkbox"/> No <input type="checkbox"/>	<u>11046</u>	
Total Gains or Losses on Principal Trades (sum of Lines 5A-5O):		\$	<u>13950</u> A: 3950
6. Capital Gains (Losses) on Firm Investment Accounts.....	\$	<u>13952</u>	A: 3952
A. Includes dividends and/or interest.....	Yes <input type="checkbox"/> No <input type="checkbox"/>	<u>11053</u>	
B. Realized capital gains (losses).....	\$	<u>4235</u>	C: 4235
C. Unrealized capital gains (losses).....	\$	<u>4236</u>	C: 4236
7. Interest / Rebate / Dividend Income			
A. Securities borrowings.....	\$	<u>11060</u>	
B. Reverse repurchase transactions.....	\$	<u>11061</u>	
C. Margin interest.....	\$	<u>13960</u>	C/II: 3960
D. Revenue earned from customer bank sweep (FDIC insured products) programs.....	\$	<u>11062</u>	
E. Revenue earned from customer fund sweeps into '40 Act investments.....	\$	<u>11063</u>	
F. Interest and/or dividends on securities held in firm inventory (not otherwise reported).....	\$	<u>11064</u>	
G. Other interest.....	\$	<u>13953</u>	C: 3953
H. Aggregate amount if less than the greater of \$5,000 or 5% of total revenue (Item 14030) (do not complete Lines 7A-7G).....	\$	<u>11065</u>	
Total Interest / Rebate / Dividend Income (sum of Lines 7A-7G):		\$	<u>11069</u>
8. Revenue from Underwritings and Selling Group Participation			
A. Municipal offerings.....	\$	<u>11070</u>	
B. Registered offerings			
1. Offerings other than self or affiliate (excludes municipal offerings).....	\$	<u>11071</u>	
2. Offerings, self or affiliate (excludes municipal offerings).....	\$	<u>11072</u>	
Total Revenue from Registered Offerings (sum of Lines 8A-8B2):		\$	<u>11079</u>
C. Unregistered offerings (excludes municipal offerings) (sections below refer to Operational Page – see instructions)			
Did the broker or dealer filing this report participate in the sale of any unregistered offering during the reporting period for which it received no compensation?.....	Yes <input type="checkbox"/> No <input type="checkbox"/>	<u>11080</u>	
1. Unregistered offerings, other than self or affiliate offerings – Section 1.....	\$	<u>11081</u>	
2. Unregistered offerings, self or affiliate offerings – Section 2.....	\$	<u>11082</u>	
Total Revenue from Unregistered Offerings (sum of Line Items 11081 and 11082):		\$	<u>11089</u>

Name of Firm: \_\_\_\_\_

As of: \_\_\_\_\_

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Stand-Alone MSBSP  
Broker-Dealer MSBSP

<b>Total Revenue from Underwritings and Selling Group Participation (sum of Line Items 11070, 11079, and 11089):</b>		\$	<u>13955</u>	A: 3955
<b>9. Miscellaneous Fees Earned</b>				
A. Fees earned from affiliated entities .....	\$	<u>11090</u>		
B. Investment banking fees; M&A advisory .....	\$	<u>11091</u>		
C. Account supervision and investment advisory services .....	\$	<u>13975</u>		A: 3975
D. Administrative fees .....	\$	<u>11092</u>		A: 3975
E. Revenue from research services .....	\$	<u>13980</u>		C/II: 3980
F. Rebates from exchanges, ECNs, and ATSS .....	\$	<u>11093</u>		
G. 12b-1 fees .....	\$	<u>11094</u>		
H. Mutual fund revenue other than concessions or 12b-1 fees .....	\$	<u>11095</u>		
I. Execution services .....	\$	<u>11096</u>		
J. Clearing services .....	\$	<u>11097</u>		
K. Fees earned on customer bank sweep (FDIC insured products) programs .....	\$	<u>11098</u>		
L. Fees earned from sweep programs into '40 Act investments .....	\$	<u>11099</u>		
M. Networking fees from '40 Act companies .....	\$	<u>11100</u>		
N. Other fees .....	\$	<u>11101</u>		
O. Aggregate amount if less than the greater of \$5,000 or 5% of total revenue (Item 14030) (do not complete Lines 9A-9N) .....	\$	<u>11102</u>		
<b>Total Fees Earned (sum of Lines 9A-9N):</b>		\$	<u>11109</u>	
<b>10. Other Revenue</b>				
A. Total revenue from sale of certificates of deposit (CDs) issued by an affiliate .....	\$	<u>11126</u>		
B. Other revenue .....	\$	<u>13995</u>		A: 3995
If Line Item 13995 is greater than both 10% of Item 14030 and \$5,000, provide a description of the 3 largest components of Other Revenue, along with the associated revenue for each.				
B-1. Description of: 1st largest component of Other Revenue				
<input type="text"/>	<u>11120</u>	\$	<u>11121</u>	
B-2. Description of: 2nd largest component of Other Revenue				
<input type="text"/>	<u>11122</u>	\$	<u>11123</u>	
B-3. Description of: 3rd largest component of Other Revenue				
<input type="text"/>	<u>11124</u>	\$	<u>11125</u>	
<b>Total Revenue (sum of Line Items 11230, 11231, 11232, 11233, 11234, 11235, &amp; 11236):</b>		\$	<u>14030</u>	A: 4030
<b>EXPENSES</b>				
<b>11. Compensation Expenses</b>				
A. Registered representatives' compensation .....	\$	<u>14110</u>		C/II: 4110
B. Compensation paid to all other revenue producing personnel (including temporary personnel) .....	\$	<u>14040</u>		C/II: 4040
C. Compensation paid to non-revenue producing personnel (including temporary personnel) .....	\$	<u>11200</u>		
D. Bonuses .....	\$	<u>11201</u>		
E. Other compensation expenses .....	\$	<u>11202</u>		
F. Aggregate amount if less than the greater of \$5,000 or 5% of total expenses (Item 14200) (do not complete Lines 11A-11E) .....	\$	<u>11203</u>		
<b>Total Compensation Expenses (sum of Lines 11A-11E):</b>		\$	<u>11209</u>	
<b>12. Commission, Clearance and Custodial Expenses</b>				
A. Floor brokerage and fees paid .....	\$	<u>14055</u>		C/II: 4055
B. Amounts paid to exchanges, ECNs, and ATSS .....	\$	<u>14145</u>		C/II: 4145
C. Clearance fees paid to broker-dealers .....	\$	<u>11210</u>		
D. Clearance fees paid to non-broker-dealers .....	\$	<u>14135</u>		C/II: 4135
E. Commission paid to broker-dealers .....	\$	<u>14140</u>		IIA: 4140
F. 12b-1 fees .....	\$	<u>11211</u>		
G. Custodial fees .....	\$	<u>11212</u>		

Name of Firm: \_\_\_\_\_

As of: \_\_\_\_\_

Items on this page to be reported by a: Stand-Alone SBSB  
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Stand-Alone MSBSP  
Broker-Dealer MSBSP

H. Aggregate amount if less than the greater of \$5,000 or 5% of total expenses (Item 14200) (do not complete Lines 12A-12G).....	\$ _____	<u>11213</u>	
<b>Total Commission, Clearance and Custodial Fees (sum of Lines 12A-12G):</b>	<b>\$ _____</b>	<b><u>11219</u></b>	
13. Expenses Incurred on Behalf of Affiliates and Others			
A. Soft dollar expenses.....	\$ _____	<u>11220</u>	
B. Rebates/recapture of commissions.....	\$ _____	<u>11221</u>	
<b>Total Expenses incurred on Behalf of Affiliates and Others (sum of Lines 13A-13B):</b>	<b>\$ _____</b>	<b><u>11229</u></b>	
14. Interest and Dividend Expenses			
A. Interest paid on bank loans.....	\$ _____	<u>11230</u>	
B. Interest paid on debt instruments where firm is the obligor, including subordination agreements.....	\$ _____	<u>11231</u>	
C. Interest paid on customer and security-based swap customer balances.....	\$ _____	<u>11232</u>	
D. Interest paid on securities loaned transactions.....	\$ _____	<u>11233</u>	
E. Interest paid on repurchase agreements.....	\$ _____	<u>11234</u>	
F. Interest and/or dividends on short securities inventory.....	\$ _____	<u>11235</u>	
G. Other interest expenses.....	\$ _____	<u>11236</u>	
H. Aggregate amount if less than the greater of \$5,000 or 5% of total expenses (Item 14200) (do not complete Lines 14A-14G).....	\$ _____	<u>11237</u>	
<b>Total Interest and Dividend Expenses (sum of Lines 14A-14G):</b>	<b>\$ _____</b>	<b><u>14075</u></b>	A: 4075
15. Fees Paid to Third Party Service Providers			
A. To affiliates.....	\$ _____	<u>11240</u>	
B. To non-affiliates.....	\$ _____	<u>11241</u>	
<b>Total Fees Paid to Third Party Service Providers (sum of Lines 15A-15B):</b>	<b>\$ _____</b>	<b><u>11249</u></b>	
16. General, Administrative, Regulatory and Miscellaneous Expenses			
A. Finders' fees.....	\$ _____	<u>11250</u>	
B. Technology, data and communication costs.....	\$ _____	<u>14060</u>	C//I: 4060, 4186
C. Research.....	\$ _____	<u>11251</u>	
D. Promotional fees.....	\$ _____	<u>14150</u>	C//I: 4150
E. Travel and entertainment.....	\$ _____	<u>11252</u>	
F. Occupancy and equipment expenses.....	\$ _____	<u>14080</u>	C//I: 4080
G. Non-recurring charges.....	\$ _____	<u>14190</u>	C//I: 4190
H. Regulatory fees.....	\$ _____	<u>14195</u>	A: 4195
I. Professional service fees.....	\$ _____	<u>11253</u>	
J. Litigation, arbitration, settlement, restitution and rescission, and related outside counsel legal fees.....	\$ _____	<u>11254</u>	
K. Losses in error accounts and bad debts.....	\$ _____	<u>14170</u>	C//I: 4170
L. State and local income taxes.....	\$ _____	<u>11255</u>	
M. Aggregate amount if less than the greater of \$5,000 or 5% of total expenses (Item 14200) (do not complete Lines 16A-16L).....	\$ _____	<u>11256</u>	
<b>Total General, Administrative, Regulatory and Miscellaneous Expenses (sum of Lines 16A-16L):</b>	<b>\$ _____</b>	<b><u>11269</u></b>	
17. Other Expenses			
A. Other expenses.....	\$ _____	<u>14100</u>	A: 4100
If Line Item 14100 is greater than both 10% of Item 14200 and \$5,000, provide a description of the 3 largest components of Other Expenses, along with the associated expense for each.			
A-1. Description of: 1st largest component of Other Expenses			
<input type="text"/>	<u>11280</u>	\$ _____	<u>11281</u>
A-2. Description of: 2nd largest component of Other Expenses			
<input type="text"/>	<u>11282</u>	\$ _____	<u>11283</u>
A-3. Description of: 3rd largest component of Other Expenses			
<input type="text"/>	<u>11284</u>	\$ _____	<u>11285</u>
<b>Total Expenses (sum of Line Items 11209, 11219, 11229, 14075, 11249, 11269, and 14100):</b>	<b>\$ _____</b>	<b><u>14200</u></b>	A: 4200

Name of Firm: \_\_\_\_\_

As of: \_\_\_\_\_



STATEMENT OF INCOME (LOSS)

Items on this page to be reported by a: Stand-Alone SBSB  
Broker-Dealer SBSB  
Stand-Alone MSBSP  
Broker-Dealer MSBSP

NET INCOME

18. Net Income

A. Income (loss) before Federal income taxes and items below.....	\$	_____	<u>14210</u>	A: 4210
B. Provision for Federal income taxes.....	\$	_____	<u>14220</u>	A: 4220
C. Equity in earnings (losses) of unconsolidated subsidiaries not included above.....	\$	_____	<u>14222</u>	A: 4222
1. After Federal income taxes of.....	\$	_____	<u>4238</u>	C/II: 4238
D. Extraordinary gains (losses).....	\$	_____	<u>14224</u>	A: 4224
1. After Federal income taxes of.....	\$	_____	<u>4239</u>	C/II: 4239
E. Cumulative effect of changes in accounting principles.....	\$	_____	<u>14225</u>	A: 4225
F. Net income (loss) after Federal income taxes and extraordinary items.....	\$	_____	<u>14230</u>	A: 4230
Total Net Income (Line Item 14210 minus Line Items 14220, 14222, 14224, and 14225): \$				<u>11299</u>

Name of Firm: \_\_\_\_\_  
As of: \_\_\_\_\_

Items on this page to be reported by a: Stand-Alone SBSB  
Broker-Dealer SBSB  
Broker-Dealer MSBSP

**OWNERSHIP EQUITY AND SUBORDINATED LIABILITIES MATURING OR PROPOSED TO BE WITHDRAWN WITHIN THE NEXT SIX MONTHS AND ACCRUALS, 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)	(MM/DD/YY) Withdrawal or Maturity Date	Expect to Renew (Yes or No)
4600	4601	4602	\$ 4603	4604	4605
4610	4611	4612	\$ 4613	4614	4615
4620	4621	4622	\$ 4623	4624	4625
4630	4631	4632	\$ 4633	4634	4635
4640	4641	4642	\$ 4643	4644	4645
4650	4651	4652	\$ 4653	4654	4655
4660	4661	4662	\$ 4663	4664	4665
4670	4671	4672	\$ 4673	4674	4675
4680	4681	4682	\$ 4683	4684	4685
4690	4691	4692	\$ 4693	4694	4695
			Total: \$ 4699*		

\* To agree with the total on Recap (Line Item 4880)

Instructions: Detailed 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, which could be required by the lender on demand or in less than six months.

- |              |  |
|--------------|--|
| <b>CODE:</b> | <b>DESCRIPTIONS:</b>                     |
| 1.           | Equity capital                           |
| 2.           | Subordinated liabilities                 |
| 3.           | Accruals                                 |
| 4.           | Assets not readily convertible into cash |

Name of Firm: \_\_\_\_\_  
As of: \_\_\_\_\_

Items on this page to be reported by a: Stand-Alone SBSB  
Broker-Dealer SBSB  
Broker-Dealer MSBSP

**OWNERSHIP EQUITY AND SUBORDINATED LIABILITIES MATURING OR PROPOSED TO BE WITHDRAWN WITHIN THE NEXT SIX MONTHS  
AND ACCRUALS, WHICH HAVE NOT BEEN DEDUCTED IN THE COMPUTATION OF NET CAPITAL**

1. Equity capital		
A. Partnership and limited liability company capital		
1. General partners .....	\$ _____	4700
2. Limited partners and limited liability company members .....	\$ _____	4710
3. Undistributed profits .....	\$ _____	4720
4. Other (describe below) .....	\$ _____	4730
5. Sole proprietorship .....	\$ _____	4735
B. Corporation capital		
1. Common stock .....	\$ _____	4740
2. Preferred stock .....	\$ _____	4750
3. Retained earnings (dividends and other) .....	\$ _____	4760
4. Other (describe below) .....	\$ _____	4770
2. Subordinated liabilities		
A. Secured demand notes .....	\$ _____	4780
B. Cash subordinates .....	\$ _____	4790
C. Debentures .....	\$ _____	4800
D. Other (describe below) .....	\$ _____	4810
3. Other accrued withdrawals		
A. Bonuses .....	\$ _____	4820
B. Voluntary contributions to pension or profit sharing plans .....	\$ _____	4860
C. Other (describe below) .....	\$ _____	4870
	Total (sum of Lines 1-3): \$ _____	4880
4. Description of Other		

**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 Line Item 1800) .....	\$ _____	4290		

**STATEMENT OF CHANGES IN LIABILITIES  
SUBORDINATED TO CLAIMS OF CREDITORS**

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

Name of Firm: \_\_\_\_\_  
As of: \_\_\_\_\_

Items on this page to be reported by a: Stand-Alone SBSB  
Broker-Dealer SBSB  
Broker-Dealer MSBSP

	<u>Valuation</u>	<u>Number</u>
1. Month end total number of stock record breaks		
A. Breaks long unresolved for more than three business days.....	\$ _____ 4890	_____ 4900
B. Breaks short unresolved for more than seven business days after discovery .....	\$ _____ 4910	_____ 4920
2. Is the firm in compliance with Rule 17a-13 or 18a-9, as applicable, regarding periodic count and verification of securities positions and locations at least once in each calendar quarter? (Check one) .....	Yes <input type="checkbox"/> 4930	No <input type="checkbox"/> 4940
3. Personnel employed at end of reporting period		
A. Income producing personnel .....		_____ 4950
B. Non-income producing personnel (all other) .....		_____ 4960
C. Total (sum of Lines 3A-3B).....		_____ 4970
4. Actual number of tickets executed during the reporting period .....		_____ 4980
5. Number of corrected customer confirmations mailed after settlement date.....		_____ 4990
	<u>No. of Items</u>	<u>Ledger Amount</u>
6. Failed to deliver 5 business days or longer (21 business days or longer in the case of municipal securities).....	_____ 5360	\$ _____ 5361
7. Failed to receive 5 business days or longer (21 business days or longer in the case of municipal securities).....	_____ 5363	\$ _____ 5364
8. Security (including security-based swap) concentrations		<u>Market Value</u>
A. Proprietary positions for which there is an undue concentration .....		\$ _____ 5370
B. Customers' and security-based swap customers' accounts under Rules 15c3-3 or 18a-4, as applicable.....		\$ _____ 5374
9. Total of personal capital borrowings due within six months .....		\$ _____ 5378
10. Maximum haircuts on underwriting commitments during the reporting period.....		\$ _____ 5380
11. Planned capital expenditures for business expansion during next six months .....		\$ _____ 5382
12. Liabilities of other individuals or organizations guaranteed by respondent.....		\$ _____ 5384
13. Lease and rentals payable within one year .....		\$ _____ 5386
14. Aggregate lease and rental commitments payable for entire term of the lease		
A. Gross .....		\$ _____ 5388
B. Net .....		\$ _____ 5390

Name of Firm: \_\_\_\_\_

As of: \_\_\_\_\_

Items on this page to be reported by a: Stand-Alone SBSB  
Broker-Dealer SBSB  
Broker-Dealer MSBSP

Operational Deductions from Capital – Note A

	I No. of Items	II Debits (Short Value) (Omit 000's)	III Credits (Long Value) (Omit 000's)	IV Deductions in Computing Net Capital (Omit Pennies)
1. Money suspense and balancing differences .....		5610	5810	6010
2. Security suspense and differences with related money balances.....	L	5620	5820	6020
	S	5625	5825	6025
3. Market value of short and long security suspense and differences without related money balances (other than reported in Line 4, below) .....		5630	5830	6030
4. Market value of security record breaks.....		5640	5840	6040
5. Unresolved reconciling differences with others				
A. Correspondents, SBSBs, and MSBSPs .....	L	5650	5850	6050
	S	5655	5855	6055
B. Depositories .....		5660	5860	6060
C. Clearing organizations .....	L	5670	5870	6070
	S	5675	5875	6075
D. Inter-company accounts.....		5680	5880	6080
E. Bank accounts and loans.....		5690	5890	6090
F. Other.....		5700	5900	6100
G. (Offsetting) Lines 5A through 5F .....		5720	5920	6120
TOTAL (Lines 5A-5G).....		5730	5930	6130
6. Commodity differences .....		5740	5940	6140
7. Open transfers and reorganization account items over 40 days not confirmed or verified .....		5760	5960	6160
8. TOTAL (Lines 1-7) .....		5770	5970	6170
9. Lines 1-6 resolved subsequent to report date .....		5775	5975	6175
10. Aged fails – to deliver.....		5780	5980	6180
– to receive.....		5785	5985	6185

NOTE A - This section must be completed as follows:

- The filers must complete Column IV, Lines 1 through 8 and 10, reporting deductions from capital as of the report date whether resolved subsequently or not (see instructions relative to each line item).
- Columns I, II and III of Lines 1 through 8 must be completed only if the total deduction on Column IV of Line 8 equals or exceeds 25% of excess net capital as of the prior month end reporting date. All columns of Line 10 require completion.
- A response to Columns I through IV of Line 9 and the "Potential Operational Charges Not Deducted From Capital-Note B" schedule are required only if:
  - The parameters cited in Note A-2 exist, and
  - The total deduction, Line 8, Column IV, for the current month exceeds the total deductions for the prior month by 50% or more.
- All columns and Lines 1 through 10 must be answered if required. If respondent has nothing to report, enter "0."

Other Operational Data (Items 1, 2 and 3 below require an answer)

Item 1. Have the accounts enumerated on Lines 5A through 5F above been reconciled with statements received from others within 35 days for Lines 5A through 5D and 65 days for Lines 5E and 5F prior to the report date and have all reconciling differences been appropriately comprehended in the computation of net capital at the report date? If this has not been done in all respects, answer No.

Yes \_\_\_\_\_ 5600  
No \_\_\_\_\_ 5601

Item 2. Do the respondent's books reflect a concentrated position in commodities? If yes, report the totals (\$000 omitted) in accordance with the specific instructions. If No, answer "0" for:

A. Firm trading and investment accounts ..... \$ \_\_\_\_\_ 5602  
B. Customers' and non-customers' and other accounts..... \$ \_\_\_\_\_ 5603

Item 3. Does respondent have any planned operational changes? (Answer Yes or No based on specific instructions.).....

Yes \_\_\_\_\_ 5604  
No \_\_\_\_\_ 5605

Name of Firm: \_\_\_\_\_  
As of: \_\_\_\_\_

Items on this page to be reported by a: Stand-Alone SBSB  
Broker-Dealer SBSB  
Broker-Dealer MSBSP

Potential Operational Charges Not Deducted from Capital – Note B

	I No. of Items	II Debits (Short Value) (Report in Thousands)	III Credits (Long Value) (Report in Thousands)	IV Deductions in Computing Net Capital (Omit Pennies)
1. Money suspense and balancing differences.....	6210	\$ 6410	\$ 6610	\$ 6612
2. Security suspense and differences with related money balances.....	L 6220	\$ 6420	\$ 6620	\$ 6622
	S 6225	\$ 6425	\$ 6625	\$ 6627
3. Market value of short and long security suspense and differences without related money (other than reported in Line 4, below).....	6230	\$ 6430	\$ 6630	\$ 6632
4. Market value of security record breaks.....	6240	\$ 6440	\$ 6640	\$ 6642
5. Unresolved reconciling differences with others				
A. Correspondents, SBSBs, and MSBSPs.....	L 6250	\$ 6450	\$ 6650	\$ 6652
	S 6255	\$ 6455	\$ 6655	\$ 6657
B. Depositories.....	6260	\$ 6460	\$ 6660	\$ 6662
C. Clearing organizations.....	L 6270	\$ 6470	\$ 6670	\$ 6672
	S 6275	\$ 6475	\$ 6675	\$ 6677
D. Inter-company accounts.....	6280	\$ 6480	\$ 6680	\$ 6682
E. Bank accounts and loans.....	6290	\$ 6490	\$ 6690	\$ 6692
F. Other.....	6300	\$ 6500	\$ 6700	\$ 6702
G. (Offsetting) Lines 5A through 5F.....	6310	\$( ) 6510	\$( ) 6710	
TOTAL (Lines 5A-5G).....	6330	\$ 6530	\$ 6730	\$ 6732
6. Commodity differences.....	6340	\$ 6540	\$ 6740	\$ 6742
7. TOTAL (Lines 1-6).....	6370	\$ 6570	\$ 6770	\$ 6772

NOTE B - This section must be completed as follows:

- Lines 1 through 6 and Columns I through IV must be completed only if:
  - The total deductions on Line 8, Column IV, of the "Operational Deductions From Capital-Note A" schedule equal or exceed 25% of excess net capital as of the prior month end reporting date; and
  - The total deduction on Line 8, Column IV, of the "Operational Deductions From Capital-Note A" schedule for the current month exceeds the total deductions for the prior month by 50% or more. If respondent has nothing to report, enter "0."
- Include only suspense and difference items open at the report date which were NOT required to be deducted in the computation of net capital AND which were not resolved seven (7) business days subsequent to the report date.
- Include in Column IV only additional deductions not comprehended in the computation of net capital at the report date.
- Include on Lines 5A through 5F unfavorable differences offset by favorable differences at the report date if resolution of the favorable items resulted in additional deductions in the computation of net capital subsequent to the report date.
- Exclude from Lines 5A through 5F new reconciling differences disclosed as a result of reconciling with the books of account statements received subsequent to the report date.
- Lines 1 through 5 above correspond to similar lines in the "Operational Deductions From Capital-Note A" schedule and the same instructions should be followed except as stated in Notes B-1 through B-5 above.

Name of Firm: \_\_\_\_\_

As of: \_\_\_\_\_

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

Items on this page to be reported by a: Broker-Dealer SBSB (if subject to Rule 15c3-3)  
Broker-Dealer MSBSP (if subject to Rule 15c3-3)

**CREDIT BALANCES**

1. Free credit balances and other credit balances in customers' security accounts (see Note A) .....	\$	4340	
2. Monies borrowed collateralized by securities carried for the accounts of customers (see Note B) .....	\$	4350	
3. Monies payable against customers' securities loaned (see Note C).....	\$	4360	
4. Customers' securities failed to receive (see Note D).....	\$	4370	
5. Credit balances in firm accounts which are attributable to principal sales to customers.....	\$	4380	
6. Market value of stock dividends, stock splits and similar distributions receivable outstanding over 30 calendar days .....	\$	4390	
7. **Market value of short security count differences over 30 calendar days old .....	\$	4400	
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.....	\$	4410	
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 .....	\$	4420	
10. Other (List: _____).....	\$	4425	
11. TOTAL CREDITS (sum of Lines 1-10) .....	\$		4430

**DEBIT BALANCES**

12. **Debit balances in customers' cash and margin accounts, excluding unsecured accounts and accounts doubtful of collection (see Note E) .....	\$	4440	
13. Securities borrowed to effectuate short sales by customers and securities borrowed to make delivery on customers' securities failed to deliver .....	\$	4450	
14. Failed to deliver of customers' securities not older than 30 calendar days.....	\$	4460	
15. Margin required and on deposit with the Options Clearing Corporation for all option contracts written or purchased in customer accounts (see Note F).....	\$	4465	
16. Margin required and on deposit with a clearing agency registered with the Commission under section 17A of the Exchange Act (15 U.S.C. 78q-1) or a derivatives clearing organization registered with the Commodity Futures Trading Commission under section 5b of the Commodity Exchange Act (7 U.S.C. 7a-1) related to the following types of positions written, purchased or sold in customer accounts: (1) security futures products and (2) futures contracts (and options thereon) carried in a securities account pursuant to an SRO portfolio margining rule (see Note G) .....	\$	4467	
17. Other (List: _____).....	\$	4469	
18. **Aggregate debit items (sum of Lines 12-17).....	\$		4470
19. **Less 3% (for alternative method only – see Rule 15c3-1(a)(1)(ii)) (3% x Line Item 4470) .....	\$		4471
20. **TOTAL 15c3-3 DEBITS (Line 18 less Line 19).....	\$		4472

**RESERVE COMPUTATION**

21. Excess of total debits over total credits (Line 20 less Line 11) .....	\$		4480
22. Excess of total credits over total debits (Line 11 less Line 20) .....	\$		4490
23. If computation is made monthly as permitted, enter 105% of excess of total credits over total debits .....	\$		4500
24. Amount held on deposit in "Reserve Bank Account(s)," including \$ 4505 value of qualified securities, at end of reporting period.....	\$		4510
25. Amount of deposit (or withdrawal) including \$ 4515 value of qualified securities.....	\$		4520
26. New amount in Reserve Bank Account(s) after adding deposit or subtracting withdrawal including \$ 4525 value of qualified securities .....	\$		4530
27. Date of deposit (MM/DD/YY) .....	\$		4540

**FREQUENCY OF COMPUTATION**

28. Daily  4332 Weekly  4333 Monthly  4334

\*\* In the event the net capital requirement is computed under the alternative method, this reserve formula must be prepared in accordance with the requirements of paragraph (a)(1)(ii) of Rule 15c3-1.

Name of Firm: \_\_\_\_\_

As of: \_\_\_\_\_

Items on this page to be reported by a: Broker-Dealer SBSD (if subject to Rule 15c3-3)  
Broker-Dealer MSBSP (if subject to 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 or 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 A and B ..... \$ \_\_\_\_\_ 4586  
 A. Number of items..... \_\_\_\_\_ 4587
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 B, C and D..... \$ \_\_\_\_\_ 4588  
 A. Number of items..... \_\_\_\_\_ 4589
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 \_\_\_\_\_ 4584 No \_\_\_\_\_ 4585

**Notes:**

- A – Do not include in Line 1 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.
- B – State separately in response to Lines 1 and 2 whether the securities reported in response thereto were subsequently reduced to possession or control by the respondent.
- C – Be sure to include in Line 2 only items not arising from "temporary lags which result from normal business operations" as permitted under Rule 15c3-3.
- D – Line 2 must be responded to only with a 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 Line 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).

Name of Firm: \_\_\_\_\_

As of: \_\_\_\_\_



Items on this page to be reported by a: Broker-Dealer SBSB (if subject to Rule 15c3-3)  
Broker-Dealer MSBSP (if subject to Rule 15c3-3)

**CREDIT BALANCES**

1. Free credit balances and other credit balances in PAB security accounts (see Note A) .....	\$ _____	<u>2110</u>
2. Monies borrowed collateralized by securities carried for the accounts of PAB (see Note B).....	\$ _____	<u>2120</u>
3. Monies payable against PAB securities loaned (see Note C) .....	\$ _____	<u>2130</u>
4. PAB securities failed to receive (see Note D) .....	\$ _____	<u>2140</u>
5. Credit balances in firm accounts which are attributable to principal sales to PAB .....	\$ _____	<u>2150</u>
6. Market value of stock dividends, stock splits and similar distributions receivable outstanding over 30 calendar days.....	\$ _____	<u>2152</u>
7. **Market value of short security count differences over 30 calendar days old .....	\$ _____	<u>2154</u>
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 .....	\$ _____	<u>2156</u>
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 .....	\$ _____	<u>2158</u>
10. Other (List: _____) .....	\$ _____	<u>2160</u>
11. TOTAL PAB CREDITS (sum of Lines 1-10).....	\$ _____	<u>2170</u>

**DEBIT BALANCES**

12. Debit balances in PAB cash and margin accounts, excluding unsecured accounts and accounts doubtful of collection (see Note E).....	\$ _____	<u>2180</u>
13. Securities borrowed to effectuate short sales by PAB and securities borrowed to make delivery on PAB securities failed to deliver.....	\$ _____	<u>2190</u>
14. Failed to deliver of PAB securities not older than 30 calendar days .....	\$ _____	<u>2200</u>
15. Margin required and on deposit with Options Clearing Corporation for all option contracts written or purchased in PAB accounts (see Note F).....	\$ _____	<u>2210</u>
16. Margin required and on deposit with a clearing agency registered with the Commission under section 17A of the Exchange Act (15 U.S.C. 78q-1) or a derivatives clearing organization registered with the Commodity Futures Trading Commission under section 5b of the Commodity Exchange Act (7 U.S.C. 7a-1) related to the following types of positions written, purchased or sold in PAB accounts: (1) security futures products and (2) futures contracts (and options thereon) carried in a securities account pursuant to an SRO portfolio margining rule (see Note G) .....	\$ _____	<u>2215</u>
17. Other (List: _____) .....	\$ _____	<u>2220</u>
18. TOTAL PAB DEBITS (sum of Lines 12-17).....	\$ _____	<u>2230</u>

**RESERVE COMPUTATION**

19. Excess of total PAB debits over total PAB credits (Line 18 less Line 11) .....	\$ _____	<u>2240</u>
20. Excess of total PAB credits over total PAB debits (Line 11 less Line 18) .....	\$ _____	<u>2250</u>
21. Excess debits in customer reserve formula computation .....	\$ _____	<u>2260</u>
22. PAB reserve requirement (Line 20 less Line 21) .....	\$ _____	<u>2270</u>
23. Amount held on deposit in Reserve Bank Account(s) including \$ _____ <u>2275</u> value of qualified securities, at end of reporting period .....	\$ _____	<u>2280</u>
24. Amount of deposit (or withdrawal) including \$ _____ <u>2285</u> value of qualified securities .....	\$ _____	<u>2290</u>
25. New amount in Reserve Bank Account(s) after adding deposit or subtracting withdrawal including \$ _____ <u>2295</u> value of qualified securities.....	\$ _____	<u>2300</u>
26. Date of deposit (MM/DD/YY) .....	_____	<u>2310</u>

**FREQUENCY OF COMPUTATION**

27. Daily \_\_\_\_\_ 2315 Weekly \_\_\_\_\_ 2320 Monthly \_\_\_\_\_ 2330

\* See notes regarding PAB Reserve Bank Account Computation (Notes 1-10).

\*\* In the event the net capital requirement is computed under the alternative method, this reserve formula must be prepared in accordance with the requirements of paragraph (a)(1)(ii) of Rule 15c3-1.

Name of Firm: \_\_\_\_\_

As of: \_\_\_\_\_

Items on this page to be reported by a: Broker-Dealer SBSB (if claiming an exemption from Rule 15c3-3)  
Broker-Dealer MSBSP (if claiming an exemption from Rule 15c3-3)

**EXEMPTIVE PROVISION UNDER RULE 15c3-3**

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 15c3-3 .....  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: \_\_\_\_\_  4335 .....  4570
- D. (k)(3) – Exempted by order of the Commission (include copy of letter) .....  4580

Name of Firm: \_\_\_\_\_

As of: \_\_\_\_\_

Items on this page to be reported by a: Stand-Alone SBSB  
Broker-Dealer SBSB



**CREDIT BALANCES**

1. Free credit balances and other credit balances in the accounts carried for security-based swap customers .....	\$	_____	9999
2. Monies borrowed collateralized by securities in accounts carried for security-based swap customers (see Note B).....	\$	_____	9999
3. Monies payable against security-based swap customers' securities loaned (see Note C) .....	\$	_____	9999
4. Security-based swap customers' securities failed to receive (see Note D) .....	\$	_____	9999
5. Credit balances in firm accounts attributable to principal sales to security-based swap customers .....	\$	_____	9999
6. Market value of stock dividends, stock splits and similar distributions receivable outstanding over 30 calendar days .....	\$	_____	9999
7. **Market value of short security count differences over 30 calendar days old.....	\$	_____	9999
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.....	\$	_____	9999
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 .....	\$	_____	9999
10. Other (List: _____) .....	\$	_____	9999
11. TOTAL CREDITS (sum of Lines 1-10) .....	\$	_____	9999

**DEBIT BALANCES**

12. Debit balances in accounts carried for security-based swap customers, excluding unsecured accounts and accounts doubtful of collection (see Note E).....	\$	_____	9999
13. Securities borrowed to effectuate short sales by security-based swap customers and securities borrowed to make delivery on security-based swap customers' securities failed to deliver .....	\$	_____	9999
14. Failed to deliver of security-based swap customers' securities not older than 30 calendar days .....	\$	_____	9999
15. Margin required and on deposit with Options Clearing Corporation for all option contracts written or purchased in accounts carried for security-based swap customers (see Note F) .....	\$	_____	9999
16. Margin related to security future products written, purchased or sold in accounts carried for security-based swap customers required and on deposit in a qualified clearing agency account at a clearing agency registered with the Commission under section 17A of the Exchange Act (15 U.S.C. 78q-1) or a derivative clearing organization registered with the Commodity Futures Trading Commission under section 5b of the Commodity Exchange Act (7 U.S.C. 7a-1) (see Note G) .....	\$	_____	9999
17. Margin related to cleared security-based swap transactions in accounts carried for security-based swap customers required and on deposit in a qualified clearing agency account at a clearing agency registered with the Commission pursuant to section 17A of the Exchange Act (15 U.S.C. 78q-1) .....	\$	_____	9999
18. Margin related to non-cleared security-based swap transactions in accounts carried for security-based swap customers required and held in a qualified registered security-based swap dealer account at another security-based swap dealer.....	\$	_____	9999
19. Other (List: _____) .....	\$	_____	9999
20. **Aggregate debit items .....	\$	_____	9999
21. **TOTAL 18a-4a DEBITS (sum of Lines 12-19) .....	\$	_____	9999

**RESERVE COMPUTATION**

22. Excess of total debits over total credits (Line 21 less Line 11) .....	\$	_____	9999
23. Excess of total credits over total debits (Line 11 less Line 21) .....	\$	_____	9999
24. Amount held on deposit in "Reserve Bank Account(s)," including value of qualified securities, at end of reporting period .....	\$	_____	9999
25. Amount of deposit (or withdrawal) including \$ _____ 9999 value of qualified securities .....	\$	_____	9999
26. New amount in Reserve Bank Account(s) after adding deposit or subtracting withdrawal including \$ _____ 9999 value of qualified securities .....	\$	_____	9999
27. Date of deposit (MM/DD/YY) .....	\$	_____	9999

\*\* In the event the net capital requirement is computed under the alternative method, this reserve formula must be prepared in accordance with the requirements of paragraph (a)(1)(ii) of Rule 15c3-1.

Name of Firm: \_\_\_\_\_  
As of: \_\_\_\_\_

Items on this page to be reported by a: Stand-Alone SBSB  
Broker-Dealer SBSB

State the market valuation and number of items of:

1. Security-based swap customers' excess securities collateral not in the respondent's possession or 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 frame specified under Rule 18a-4. Notes A and B..... \$ \_\_\_\_\_   
 A. Number of items..... \_\_\_\_\_
2. Security-based swap customers' excess securities collateral for which instructions to reduce possession or control had not been issued as of the report date under Rule 18a-4. .... \$ \_\_\_\_\_   
 A. Number of items..... \_\_\_\_\_
3. The system and procedures utilized in complying with the requirement to maintain physical possession or control of security-based swap customers' excess securities collateral have been tested and are functioning in a manner adequate to fulfill the requirements of Rule 18a-4 ..... Yes  No

**Notes:**  
 A – Do not include in Line 1 security-based swap customers' excess securities collateral required by Rule 18a-4, 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 18a-4.  
 B – State separately in response to Line 1 whether the securities reported in response thereto were subsequently reduced to possession or control by the respondent.



Name of Firm: \_\_\_\_\_  
 As of: \_\_\_\_\_

Items on this page to be reported by a: Bank SBSB  
Bank MSBSP



<u>Assets</u>	<u>Totals</u>
1. Cash and balances due from depository institutions (from FFIEC Form 031's Schedule RC-A)	
A. Noninterest-bearing balances and currency and coin.....	\$ _____ 0081b
B. Interest-bearing balances .....	\$ _____ 0071b
2. Securities	
A. Held-to-maturity securities .....	\$ _____ 1754b
B. Available-for-sale securities .....	\$ _____ 1773b
3. Federal funds sold and securities purchased under agreements to resell	
A. Federal funds sold in domestic offices.....	\$ _____ B987b
B. Securities purchased under agreements to resell .....	\$ _____ B989b
4. Loans and lease financing receivables (from FFIEC Form 031's Schedule RC-C)	
A. Loans and leases held for sale .....	\$ _____ 5369b
B. Loans and leases, net of unearned income.....	\$ _____ B528b
C. LESS: Allowance for loan and lease losses .....	\$ _____ 3123b
D. Loans and leases, net of unearned income and allowance (Line 4B minus Line 4C) .....	\$ _____ B529b
5. Trading assets (from FFIEC Form 031's Schedule RC-D) .....	\$ _____ 3545b
6. Premises and fixed assets (including capitalized leases) .....	\$ _____ 2145b
7. Other real estate owned (from FFIEC Form 031's Schedule RC-M) .....	\$ _____ 2150b
8. Investment in unconsolidated subsidiaries and associated companies .....	\$ _____ 2130b
9. Direct and indirect investments in real estate ventures .....	\$ _____ 3656b
10. Intangible assets	
A. Goodwill .....	\$ _____ 3163b
B. Other intangible assets (from FFIEC Form 031's Schedule RC-M) .....	\$ _____ 0426b
11. Other assets (from FFIEC Form 031's Schedule RC-F) .....	\$ _____ 2160b
12. Total assets (sum of Lines 1 through 11) .....	\$ _____ 2170b

Name of Firm: \_\_\_\_\_

As of: \_\_\_\_\_

Items on this page to be reported by a: Bank SBSB  
Bank MSBSP

<u>Liabilities</u>	<u>Totals</u>
13. Deposits	
A. In domestic offices (sum of totals of Columns A and C from FFIEC Form 031's Schedule RC-E, part I) .....	\$ _____ 2200b
1. Noninterest-bearing .....	\$ _____ 6631b
2. Interest-bearing .....	\$ _____ 6636b
B. In foreign offices, Edge and Agreement subsidiaries, and IBFs (from FFIEC Form 031's Schedule RC-E, part II) .....	\$ _____ 2200b
1. Noninterest-bearing .....	\$ _____ 6631b
2. Interest-bearing .....	\$ _____ 6636b
14. Federal funds purchased and securities sold under agreements to repurchase	
A. Federal funds purchased in domestic offices.....	\$ _____ B993b
B. Securities sold under agreements to repurchase .....	\$ _____ B995b
15. Trading liabilities .....	\$ _____ 3548b
16. Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases) (from FFIEC Form 031's Schedule RC-M) .....	\$ _____ 3190b
17. Not applicable.	
18. Not applicable.	
19. Subordinated notes and debentures .....	\$ _____ 3200b
20. Other liabilities (from FFIEC Form 031's Schedule RC-G) .....	\$ _____ 2930b
21. Total liabilities (sum of Lines 13 through 20).....	\$ _____ 2948b
22. Not applicable.	
<u>Equity Capital</u>	
23. Perpetual preferred stock and related surplus .....	\$ _____ 3828b
24. Common stock.....	\$ _____ 3230b
25. Surplus (exclude all surplus related to preferred stock) .....	\$ _____ 3839b
26A. Retained earnings .....	\$ _____ 3632b
B. Accumulated other comprehensive income.....	\$ _____ B530b
C. Other equity capital components .....	\$ _____ A130b
27A. Total bank equity capital (sum of Lines 23 through 26.C) .....	\$ _____ 3210b
B. Non-controlling (minority) interests in consolidated subsidiaries.....	\$ _____ 3000b
28. Total equity capital (sum of Lines 27A and 27B).....	\$ _____ G105b
29. Total liabilities and equity capital (sum of Lines 21 and 28).....	\$ _____ 3300b

Name of Firm: \_\_\_\_\_

As of: \_\_\_\_\_

Items on this page to be reported by a: Bank SBSB  
Bank MSBSP



<u>Capital</u>	<u>Totals</u>
1. Total bank equity capital (from FFIEC Form 031's Schedule RC, Line 27A) .....	\$ _____ 3210b
2. Tier 1 capital .....	\$ _____ 8274b
3. Tier 2 capital .....	\$ _____ 5311b
4. Tier 3 capital allocated for market risk .....	\$ _____ 1395b
5. Total risk-based capital.....	\$ _____ 3792b
6. Total risk-weighted assets.....	\$ _____ A223b
7. Total assets for leverage capital purposes.....	\$ _____ L138b

Capital Ratios (Column B is to be completed by all banks. Column A is to be completed by banks with financial subsidiaries.)

Column A

Column B

8. Tier 1 Leverage ratio .....	\$ _____ 7273b	\$ _____ 7204b
9. Tier 1 risk-based capital ratio .....	_____ 7274b	\$ _____ 7206b
10. Total risk-based capital ratio .....	_____ 7275b	\$ _____ 7205b

Name of Firm: \_\_\_\_\_

As of: \_\_\_\_\_

Items on this page to be reported by a: Bank SBSB  
Bank MSBSP

	<u>Totals</u>
1. Total interest income.....	\$ _____ <b>4107b</b>
2. Total interest expense.....	\$ _____ <b>4073b</b>
3. Total noninterest income.....	\$ _____ <b>4079b</b>
4. Total noninterest expense.....	\$ _____ <b>4093b</b>
5. Realized gains (losses) on held-to-maturity securities.....	\$ _____ <b>3521b</b>
6. Realized gains (losses) on available-for-sale securities.....	\$ _____ <b>3196b</b>
7. Income (loss) before income taxes and extraordinary items and other adjustments.....	\$ _____ <b>4301b</b>
8. Net income (loss) attributable to bank.....	\$ _____ <b>4340b</b>
9. Trading revenue (from cash instruments and derivative instruments) (sum of Memoranda Lines 8a through 8e on FFIEC Form 031's Schedule RI)	
A. Interest rate exposures.....	\$ _____ <b>8757b</b>
B. Foreign exchange exposures.....	\$ _____ <b>8758b</b>
C. Equity security and index exposures.....	\$ _____ <b>8759b</b>
D. Commodity and other exposures.....	\$ _____ <b>8760b</b>
E. Credit exposures.....	\$ _____ <b>F186b</b>
<b>Lines 9F and 9G are to be completed by banks with \$100 billion or more in total assets that are required to complete lines 9A through 9E above.</b>	
F. Impact on trading revenue of changes in the creditworthiness of the bank's derivative counterparties on the bank's derivative assets) (included on Lines 8a through 8e on FFIEC Form 031's Schedule RI).....	\$ _____ <b>K090b</b>
G. Impact on trading revenue of changes in the creditworthiness of the bank on the bank's derivative liabilities (included in Lines 8a through 8e on FFIEC Form 031's Schedule RI).....	\$ _____ <b>K094b</b>
10. Net gains (losses) recognized in earnings on credit derivatives that economically hedge credit exposures held outside the trading account	
A. Net gains (losses) on credit derivatives held for trading.....	\$ _____ <b>C889b</b>
B. Net gains (losses) on credit derivatives held for purposes other than trading.....	\$ _____ <b>C890b</b>
11. Credit losses on derivatives.....	\$ _____ <b>A251b</b>

Name of Firm: \_\_\_\_\_

As of: \_\_\_\_\_



Items on this page to be reported by a: Bank SBSD



**CREDIT BALANCES**

1. Free credit balances and other credit balances in the accounts carried for security-based swap customers .....	\$	_____	9999
2. Monies borrowed collateralized by securities in accounts carried for security-based swap customers (see Note B).....	\$	_____	9999
3. Monies payable against security-based swap customers' securities loaned (see Note C) .....	\$	_____	9999
4. Security-based swap customers' securities failed to receive (see Note D) .....	\$	_____	9999
5. Credit balances in firm accounts attributable to principal sales to security-based swap customers .....	\$	_____	9999
6. Market value of stock dividends, stock splits and similar distributions receivable outstanding over 30 calendar days .....	\$	_____	9999
7. Market value of short security count differences over 30 calendar days old .....	\$	_____	9999
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.....	\$	_____	9999
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 .....	\$	_____	9999
10. Other (List: _____) .....	\$	_____	9999
11. TOTAL CREDITS.....	\$	_____	9999

**DEBIT BALANCES**

12. Debit balances in accounts carried for security-based swap customers, excluding unsecured accounts and accounts doubtful of collection (see Note E).....	\$	_____	9999
13. Securities borrowed to effectuate short sales by security-based swap customers and securities borrowed to make delivery on security-based swap customers' securities failed to deliver .....	\$	_____	9999
14. Failed to deliver of security-based swap customers' securities not older than 30 calendar days .....	\$	_____	9999
15. Margin required and on deposit with Options Clearing Corporation for all option contracts written or purchased in accounts carried for security-based swap customers (see Note F) .....	\$	_____	9999
16. Margin related to security future products written, purchased or sold in accounts carried for security-based swap customers required and on deposit in a qualified clearing agency account at a clearing agency registered with the Commission under section 17A of the Exchange Act (15 U.S.C. 78q-1) or a derivative clearing organization registered with the Commodity Futures Trading Commission under section 5b of the Commodity Exchange Act (7 U.S.C. 7a-1) (see Note G) .....	\$	_____	9999
17. Margin related to cleared security-based swap transactions in accounts carried for security-based swap customers required and on deposit in a qualified clearing agency account at a clearing agency registered with the Commission pursuant to section 17A of the Exchange Act (15 U.S.C. 78q-1) .....	\$	_____	9999
18. Margin related to non-cleared security-based swap transactions in accounts carried for security-based swap customers required and held in a qualified registered security-based swap dealer account at another security-based swap dealer.....	\$	_____	9999
19. Other (List: _____) .....	\$	_____	9999
20. TOTAL 18a-4a DEBITS .....	\$	_____	9999

**RESERVE COMPUTATION**

21. Excess of total debits over total credits (Line 21 less Line 11) .....	\$	_____	9999
22. Excess of total credits over total debits (Line 11 less Line 21) .....	\$	_____	9999
23. Amount held on deposit in "Reserve Bank Account(s)," including value of qualified securities, at end of reporting period .....	\$	_____	9999
24. Amount of deposit (or withdrawal) including \$ _____ 9999 value of qualified securities .....	\$	_____	9999
25. New amount in Reserve Bank Account(s) after adding deposit or subtracting withdrawal including \$ _____ 9999 value of qualified securities .....	\$	_____	9999
27. Date of deposit (MM/DD/YY).....	\$	_____	9999

Name of Firm: \_\_\_\_\_

As of: \_\_\_\_\_

Items on this page to be reported by a: Bank SBSD



State the market valuation and number of items of:

1. Security-based swap customers' excess securities collateral not in the respondent's possession or 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 frame specified under Rule 18a-4. Notes A and B..... \$ \_\_\_\_\_   
 A. Number of items.....
2. Security-based swap customers' excess securities collateral for which instructions to reduce possession or control had not been issued as of the report date under Rule 18a-4. .... \$ \_\_\_\_\_   
 A. Number of items.....
3. The system and procedures utilized in complying with the requirement to maintain physical possession or control of security-based swap customers' excess securities collateral have been tested and are functioning in a manner adequate to fulfill the requirements of Rule 18a-4 ..... Yes  No

**Notes:**  
 A – Do not include in Line 1 security-based swap customers' excess securities collateral required by Rule 18a-4, 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 18a-4.  
 B – State separately in response to Line 1 whether the securities reported in response thereto were subsequently reduced to possession or control by the respondent.

Name of Firm: \_\_\_\_\_  
 As of: \_\_\_\_\_

Items on this page to be reported by: A Futures Commission Merchant

**NET CAPITAL REQUIRED**

**A. Risk-based requirement**

i. Amount of customer risk

Maintenance margin ..... \$ \_\_\_\_\_ **7415**

ii. Enter 8% of Line A.i..... \$ \_\_\_\_\_ **7425**

iii. Amount of non-customer risk

Maintenance margin ..... \$ \_\_\_\_\_ **7435**

iv. Enter 8% of Line A.iii..... \$ \_\_\_\_\_ **7445**

v. Enter the sum of Lines A.ii and A.iv..... \$ \_\_\_\_\_ **7455**

**B. Minimum dollar amount requirement ..... \$ \_\_\_\_\_ **7465****

**C. Other NFA requirement..... \$ \_\_\_\_\_ **7475****

**D. Minimum CFTC net capital requirement**

Enter the greatest of Lines A.v, B, or C ..... \$ \_\_\_\_\_ **7490**

Note: If amount on Line D is greater than the minimum net capital requirement computed on Item 3760, then enter this greater amount on Item 3760. The greater of the amount required by the SEC or CFTC is the minimum net capital requirement.

CFTC early warning level – enter the greatest of 110% of Line A.v. or 150% of Line B or 150% of Line C or \$375,000 ..... \$ \_\_\_\_\_ **7495**

Name of Firm: \_\_\_\_\_

As of: \_\_\_\_\_

Items on this page to be reported by a: A Futures Commission Merchant

**SEGREGATION REQUIREMENTS**

1. Net ledger balance		
A. Cash .....	\$	_____ 7010
B. Securities (at market) .....	\$	_____ 7020
2. Net unrealized profit (loss) in open futures contracts traded on a contract market .....	\$	_____ 7030
3. Exchange traded options		
A. Add: Market value of open option contracts purchased on a contract market .....	\$	_____ 7032
B. Deduct: Market value of open option contracts granted (sold) on a contract market .....	\$ ( _____ )	7033
4. Net equity (deficit) (total of Lines 1, 2 and 3) .....	\$	_____ 7040
5. Accounts liquidating to a deficit and accounts with debit balances – gross amount .....	\$	_____ 7045
Less: amount offset by customer owned securities .....	\$ ( _____ )	7047
6. Amount required to be segregated (add Lines 4 and 5) .....	\$	_____ 7060

**FUNDS IN SEGREGATED ACCOUNTS**

7. Deposited in segregated funds bank accounts		
A. Cash .....	\$	_____ 7070
B. Securities representing investments of customers' funds (at market) .....	\$	_____ 7080
C. Securities held for particular customers or option customers in lieu of cash (at market) .....	\$	_____ 7090
8. Margin on deposit with derivative clearing organizations of contract markets		
A. Cash .....	\$	_____ 7100
B. Securities representing investments of customers' funds (at market) .....	\$	_____ 7110
C. Securities held for particular customers or option customers in lieu of cash (at market) .....	\$	_____ 7120
9. Net settlement from (to) derivative clearing organizations of contract markets .....	\$	_____ 7130
10. Exchange traded options		
A. Value of open long option contracts .....	\$	_____ 7132
B. Value of open short option contracts .....	\$ ( _____ )	7133
11. Net equities with other FCMs		
A. Net liquidating equity .....	\$	_____ 7140
B. Securities representing investments of customers' funds (at market) .....	\$	_____ 7160
C. Securities held for particular customers or option customers in lieu of cash (at market) .....	\$	_____ 7170
12. Segregated funds on hand (describe: _____ ) .....	\$	_____ 7150
13. Total amount in segregation (add Lines 7 through 12) .....	\$	_____ 7180
14. Excess (deficiency) funds in segregation (subtract Line 6 from Line 13) .....	\$	_____ 7190
15. Management target amount for excess funds in segregation .....	\$	_____ 9999
16. Excess (deficiency) funds in segregation over management target amount excess .....	\$	_____ 9999

Name of Firm: \_\_\_\_\_

As of: \_\_\_\_\_

Items on this page to be Reported by: A Futures Commission Merchant

CLEARED SWAPS CUSTOMER REQUIREMENTS

1. Net ledger balance		
A. Cash .....	\$	8500
B. Securities (at market) .....	\$	8510
2. Net unrealized profit (loss) in open cleared swaps.....	\$	8520
3. Cleared swaps options		
A. Market value of open cleared swaps option contracts purchased .....	\$	8530
B. Market value of open cleared swaps option contracts granted (sold) .....	\$ (	8540
4. Net equity (deficit) (add Lines 1, 2, and 3).....	\$	8550
5. Accounts liquidating to a deficit and accounts with debit balances – gross amount.....	\$	8560
Less: amount offset by customer owned securities.....	\$(	8570
6. Amount required to be segregated for cleared swaps customers (add Lines 4 and 5) .....	\$	8590

FUNDS IN CLEARED SWAPS CUSTOMER SEGREGATED ACCOUNTS

7. Deposited in cleared swaps customer segregated accounts at banks		
A. Cash .....	\$	8600
B. Securities representing investments of cleared swaps customers' funds (at market) .....	\$	8610
C. Securities held for particular cleared swaps customers in lieu of cash (at market) .....	\$	8620
8. Margins on deposit with derivatives clearing organizations in cleared swaps customer segregated accounts		
A. Cash .....	\$	8630
B. Securities representing investments of cleared swaps customers' funds (at market) .....	\$	8640
C. Securities held for particular cleared swaps customers in lieu of cash (at market) .....	\$	8650
9. Net settlement from (to) derivatives clearing organizations .....	\$	8660
10. Cleared swaps options		
A. Value of open cleared swaps long option contracts .....	\$	8670
B. Value of open cleared swaps short option contracts.....	\$ (	8680
11. Net equities with other FCMs		
A. Net liquidating equity .....	\$	8690
B. Securities representing investments of cleared swaps customers' funds (at market) .....	\$	8700
C. Securities held for particular cleared swaps customers in lieu of cash (at market) .....	\$	8710
12. Cleared swaps customer funds on hand (describe: _____).....	\$	8715
13. Total amount in cleared swaps customer segregation (add Lines 7 through 12) .....	\$	8720
14. Excess (deficiency) funds in cleared swaps customer segregation (subtract Line 6 from Line 13) .....	\$	8730
15. Management target amount for excess funds in cleared swaps segregated accounts.....	\$	9999
16. Excess (deficiency) funds in cleared swaps customer segregated accounts over (under) management target excess.....	\$	9999

Name of Firm: \_\_\_\_\_

As of: \_\_\_\_\_

STATEMENT OF SEGREGATION REQUIREMENTS AND FUNDS IN SEGREGATION  
FOR CUSTOMERS' DEALER OPTIONS ACCOUNTS

Items on this page to be reported by a: A Futures Commission Merchant

1. Amount required to be segregated in accordance with 17 C.F.R. § 32.6.....	\$	_____	7200
2. Funds/property in segregated accounts			
A. Cash.....	\$	_____	7210
B. Securities (at market value).....	\$	_____	7220
C. Total funds/property in segregated accounts.....	\$	_____	7230
3. Excess (deficiency) funds in segregation (subtract Line 2C from Line 1).....	\$	_____	7240

Name of Firm: \_\_\_\_\_

As of: \_\_\_\_\_

Items on this page to be reported by a: A Futures Commission Merchant

FOREIGN FUTURES AND FOREIGN OPTIONS SECURED AMOUNTS

_____	9999	Amount required to be set aside pursuant to law, rule, or regulation of a foreign government or a rule of a self-regulatory organization authorized thereunder		
1. Net ledger balance – Foreign futures and foreign options trading – All customers				
A. Cash .....			\$	_____ 9999
B. Securities (at market) .....			\$	_____ 9999
2. Net unrealized profit (loss) in open futures contracts traded on a foreign board of trade .....			\$	_____ 9999
3. Exchange traded options .....			\$	_____ 9999
A. Market value of open option contracts purchased on a foreign board of trade .....			\$	_____ 9999
B. Market value of open option contracts granted (sold) on a foreign board of trade .....			\$	_____ 9999
4. Net equity (deficit) (add Lines 1, 2, and 3) .....			\$	_____ 9999
5. Accounts liquidating to a deficit and accounts with debit balances – gross amount .....		\$ _____		9999
Less: Amount offset by customer owned securities .....		\$ _____		9999
			\$	_____ 9999
6. Amount required to be set aside as the secured amount – Net liquidating equity method (add Lines 4 and 5) .....			\$	_____ 9999
7. Greater of amount required to be set aside pursuant to foreign jurisdiction (above) or Line 6 .....			\$	_____ 9999

Name of Firm: \_\_\_\_\_

As of: \_\_\_\_\_

Items on this page to be reported by: A Futures Commission Merchant

FUNDS DEPOSITED IN SEPARATE 17 C.F.R. § 30.7 ACCOUNTS

1. Cash in banks

A. Banks located in the United States ..... \$ 7500

B. Other banks qualified under 17 C.F.R. § 30.7

Name(s): 7510 \$ 7520 \$ 7530

2. Securities

A. In safekeeping with banks located in the United States..... \$ 7540

B. In safekeeping with other banks designated by 17 C.F.R. § 30.7

Name(s): 7550 \$ 7560 \$ 7570

3. Equities with registered futures commission merchants

A. Cash..... \$ 7580

B. Securities ..... \$ 7590

C. Unrealized gain (loss) on open futures contracts..... \$ 7600

D. Value of long option contracts..... \$ 7610

E. Value of short option contracts..... \$ ( 7615 ) \$ 7620

4. Amounts held by clearing organizations of foreign boards of trade

Name(s): 7630

A. Cash..... \$ 7640

B. Securities ..... \$ 7650

C. Amount due to (from) clearing organizations - daily variation..... \$ 7660

D. Value of long option contracts..... \$ 7670

E. Value of short option contracts..... \$ ( 7675 ) \$ 7680

5. Amounts held by members of foreign boards of trade

Name(s): 7690

A. Cash..... \$ 7700

B. Securities ..... \$ 7710

C. Unrealized gain (loss) on open futures contracts..... \$ 7720

D. Value of long option contracts..... \$ 7730

E. Value of short option contracts..... \$ ( 7735 ) \$ 7740

6. Amounts with other depositories designated by a foreign board of trade

Name(s): 7750 \$ 7760

7. Segregated funds on hand (describe: \_\_\_\_\_) ... \$ 7765

8. Total funds in separate 17 C.F.R. § 30.7 accounts (Item 7370)..... \$ 7770

9. Excess (deficiency) set aside funds for secured amount  
(Line Item 7770 minus Line 7 of immediately preceding page) ..... \$ 9999

10. Management target amount for excess funds in separate  
17 C.F.R. § 30.7 accounts..... \$ 9999

11. Excess (deficiency) funds in separate 17 C.F.R. § 30.7 accounts  
over (under) management target excess ..... \$ 9999

Name of Firm: \_\_\_\_\_  
As of: \_\_\_\_\_



SCHEDULE 1 – AGGREGATE SECURITIES, COMMODITIES, AND SWAPS POSITIONS

Items on this page to be Reported by: Stand-Alone SBSB  
Broker-Dealer SBSB  
Stand-Alone MSBSP  
Broker-Dealer MSBSP

Aggregate Securities, Commodities, Swaps Positions	LONG	SHORT
1. U.S. treasury securities.....	\$ _____ 8200	\$ _____ 8201
2. U.S. government agency and U.S. government-sponsored enterprises.....	\$ _____ 8210	\$ _____ 8211
A. Mortgage-backed securities issued by U.S. government agency and U.S. government-sponsored enterprises.....	\$ _____ 9999	\$ _____ 9999
B. Debt securities issued by U.S. government agency and U.S. government-sponsored enterprises.....	\$ _____ 9999	\$ _____ 9999
3. Securities issued by states and political subdivisions in the U.S.....	\$ _____ 8220	\$ _____ 8221
4. Foreign securities		
A. Debt securities.....	\$ _____ 8230	\$ _____ 8231
B. Equity securities.....	\$ _____ 8235	\$ _____ 8236
5. Money market instruments.....	\$ _____ 8240	\$ _____ 8241
6. Private label mortgage backed securities.....	\$ _____ 8250	\$ _____ 8251
7. Other asset-backed securities.....	\$ _____ 8260	\$ _____ 8261
8. Corporate obligations.....	\$ _____ 8270	\$ _____ 8271
9. Stocks and warrants (other than arbitrage positions).....	\$ _____ 8280	\$ _____ 8281
10. Arbitrage.....	\$ _____ 8290	\$ _____ 8291
11. Spot commodities.....	\$ _____ 8330	\$ _____ 8331
12. Security-based swaps		
A. Debt security-based swaps (other than credit default swaps)		
1. Cleared.....	\$ _____ 9999	\$ _____ 9999
2. Non-cleared.....	\$ _____ 9999	\$ _____ 9999
B. Equity security-based swaps		
1. Cleared.....	\$ _____ 9999	\$ _____ 9999
2. Non-cleared.....	\$ _____ 9999	\$ _____ 9999
C. Credit default security-based swaps		
1. Cleared.....	\$ _____ 9999	\$ _____ 9999
2. Non-cleared.....	\$ _____ 9999	\$ _____ 9999
D. Other security-based swaps		
1. Cleared.....	\$ _____ 9999	\$ _____ 9999
2. Non-cleared.....	\$ _____ 9999	\$ _____ 9999
13. Mixed swaps		
A. Cleared.....	\$ _____ 9999	\$ _____ 9999
B. Non-cleared.....	\$ _____ 9999	\$ _____ 9999

Name of Firm: \_\_\_\_\_  
As of: \_\_\_\_\_

Items on this page to be Reported by: Stand-Alone SBSB  
Broker-Dealer SBSB  
Stand-Alone MSBSP  
Broker-Dealer MSBSP

	<u>LONG</u>	<u>SHORT</u>
<b>14. Swaps</b>		
A. Interest rate swaps		
1. Cleared.....	\$ _____ 9999	\$ _____ 9999
2. Non-cleared .....	\$ _____ 9999	\$ _____ 9999
B. Foreign exchange swaps		
1. Cleared.....	\$ _____ 9999	\$ _____ 9999
2. Non-cleared .....	\$ _____ 9999	\$ _____ 9999
C. Commodity swaps		
1. Cleared.....	\$ _____ 9999	\$ _____ 9999
2. Non-cleared .....	\$ _____ 9999	\$ _____ 9999
D. Debt index swaps (other than credit default swaps)		
1. Cleared.....	\$ _____ 9999	\$ _____ 9999
2. Non-cleared .....	\$ _____ 9999	\$ _____ 9999
E. Equity index swaps		
1. Cleared.....	\$ _____ 9999	\$ _____ 9999
2. Non-cleared .....	\$ _____ 9999	\$ _____ 9999
F. Credit default swaps		
1. Cleared.....	\$ _____ 9999	\$ _____ 9999
2. Non-cleared .....	\$ _____ 9999	\$ _____ 9999
G. Other swaps		
1. Cleared.....	\$ _____ 9999	\$ _____ 9999
2. Non-cleared .....	\$ _____ 9999	\$ _____ 9999
15. Other derivatives and options .....	\$ _____ 8295	\$ _____ 8296
<b>16. Securities with no ready market</b>		
A. Equity.....	\$ _____ 8340	\$ _____ 8341
B. Debt .....	\$ _____ 8345	\$ _____ 8346
C. Other (include limited partnership interests) .....	\$ _____ 8350	\$ _____ 8351
17. Other securities and commodities .....	\$ _____ 8360	\$ _____ 8361
18. Total (sum of Lines 1-17) .....	\$ _____ 8370	\$ _____ 8371

Name of Firm: \_\_\_\_\_  
As of: \_\_\_\_\_

SCHEDULE 2 – CREDIT CONCENTRATION REPORT FOR FIFTEEN LARGEST EXPOSURES IN DERIVATIVES

Items on this page to be Reported by: Stand-Alone SBSB  
Broker-Dealer SBSB  
Stand-Alone MSBSP  
Broker-Dealer MSBSP

I. By Current Net Exposure

Counterparty Identifier	Internal Credit Rating	Gross Replacement Value		Net Replacement Value	Current Net Exposure	Total Exposure	Margin Collected
		Receivable (Gross Gain)	Payable (Gross Loss)				
1.	9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999
2.	9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999
3.	9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999
4.	9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999
5.	9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999
6.	9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999
7.	9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999
8.	9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999
9.	9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999
10.	9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999
11.	9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999
12.	9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999
13.	9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999
14.	9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999
15.	9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999
All other counterparties	N/A	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999
Totals:		\$ 7810	\$ 7811	\$ 7812	\$ 7813	\$ 7814	\$ 9999

II. By Total Exposure

Counterparty Identifier	Internal Credit Rating	Gross Replacement Value		Net Replacement Value	Current Net Exposure	Total Exposure	Margin Collected
		Receivable (Gross Gain)	Payable (Gross Loss)				
1.	9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999
2.	9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999
3.	9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999
4.	9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999
5.	9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999
6.	9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999
7.	9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999
8.	9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999
9.	9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999
10.	9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999
11.	9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999
12.	9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999
13.	9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999
14.	9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999
15.	9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999
All other counterparties	N/A	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999
Totals:		\$ 7810	\$ 7811	\$ 7812	\$ 7813	\$ 7814	\$ 9999

Name of Firm: \_\_\_\_\_  
As of: \_\_\_\_\_

SCHEDULE 3 – PORTFOLIO SUMMARY OF DERIVATIVES EXPOSURES BY INTERNAL CREDIT RATING

Items on this page to be Reported by: Stand-Alone SBSD  
Broker-Dealer SBSD  
Stand-Alone MSBSP  
Broker-Dealer MSBSP



Internal Credit Rating	Gross Replacement Value		Net Replacement Value	Current Net Exposure	Total Exposure	Margin Collected
	Receivable	Payable				
1.	9999	\$ 9999	9999	\$ 9999	\$ 9999	\$ 9999
2.	9999	\$ 9999	9999	\$ 9999	\$ 9999	\$ 9999
3.	9999	\$ 9999	9999	\$ 9999	\$ 9999	\$ 9999
4.	9999	\$ 9999	9999	\$ 9999	\$ 9999	\$ 9999
5.	9999	\$ 9999	9999	\$ 9999	\$ 9999	\$ 9999
6.	9999	\$ 9999	9999	\$ 9999	\$ 9999	\$ 9999
7.	9999	\$ 9999	9999	\$ 9999	\$ 9999	\$ 9999
8.	9999	\$ 9999	9999	\$ 9999	\$ 9999	\$ 9999
9.	9999	\$ 9999	9999	\$ 9999	\$ 9999	\$ 9999
10.	9999	\$ 9999	9999	\$ 9999	\$ 9999	\$ 9999
11.	9999	\$ 9999	9999	\$ 9999	\$ 9999	\$ 9999
12.	9999	\$ 9999	9999	\$ 9999	\$ 9999	\$ 9999
13.	9999	\$ 9999	9999	\$ 9999	\$ 9999	\$ 9999
14.	9999	\$ 9999	9999	\$ 9999	\$ 9999	\$ 9999
15.	9999	\$ 9999	9999	\$ 9999	\$ 9999	\$ 9999
16.	9999	\$ 9999	9999	\$ 9999	\$ 9999	\$ 9999
17.	9999	\$ 9999	9999	\$ 9999	\$ 9999	\$ 9999
18.	9999	\$ 9999	9999	\$ 9999	\$ 9999	\$ 9999
19.	9999	\$ 9999	9999	\$ 9999	\$ 9999	\$ 9999
20.	9999	\$ 9999	9999	\$ 9999	\$ 9999	\$ 9999
21.	9999	\$ 9999	9999	\$ 9999	\$ 9999	\$ 9999
22.	9999	\$ 9999	9999	\$ 9999	\$ 9999	\$ 9999
23.	9999	\$ 9999	9999	\$ 9999	\$ 9999	\$ 9999
24.	9999	\$ 9999	9999	\$ 9999	\$ 9999	\$ 9999
25.	9999	\$ 9999	9999	\$ 9999	\$ 9999	\$ 9999
26.	9999	\$ 9999	9999	\$ 9999	\$ 9999	\$ 9999
27.	9999	\$ 9999	9999	\$ 9999	\$ 9999	\$ 9999
28.	9999	\$ 9999	9999	\$ 9999	\$ 9999	\$ 9999
29.	9999	\$ 9999	9999	\$ 9999	\$ 9999	\$ 9999
30.	9999	\$ 9999	9999	\$ 9999	\$ 9999	\$ 9999
31.	9999	\$ 9999	9999	\$ 9999	\$ 9999	\$ 9999
32.	9999	\$ 9999	9999	\$ 9999	\$ 9999	\$ 9999
33.	9999	\$ 9999	9999	\$ 9999	\$ 9999	\$ 9999
34.	9999	\$ 9999	9999	\$ 9999	\$ 9999	\$ 9999
35.	9999	\$ 9999	9999	\$ 9999	\$ 9999	\$ 9999
36.	9999	\$ 9999	9999	\$ 9999	\$ 9999	\$ 9999
Unrated	9999	\$ 9999	9999	\$ 9999	\$ 9999	\$ 9999
Totals:		\$ 7822	\$ 7823	\$ 7821	\$ 7820	\$ 9999

Name of Firm: \_\_\_\_\_  
As of: \_\_\_\_\_

SCHEDULE 4 – GEOGRAPHIC DISTRIBUTION OF DERIVATIVES EXPOSURES FOR TEN LARGEST COUNTRIES

Items on this page to be Reported by: Stand-Alone SBSB  
Broker-Dealer SBSB  
Stand-Alone MSBSP  
Broker-Dealer MSBSP

I. By Current Net Exposure

Country	Gross Replacement Value		Net Replacement Value	Current Net Exposure	Total Exposure	Margin Collected
	Receivable	Payable				
1.	9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999
2.	9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999
3.	9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999
4.	9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999
5.	9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999
6.	9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999
7.	9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999
8.	9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999
9.	9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999
10.	9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999
Totals:		\$ 7803	\$ 7804	\$ 7802	\$ 9999	\$ 7801

II. By Total Exposure

Country	Gross Replacement Value		Net Replacement Value	Current Net Exposure	Total Exposure	Margin Collected
	Receivable	Payable				
1.	9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999
2.	9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999
3.	9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999
4.	9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999
5.	9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999
6.	9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999
7.	9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999
8.	9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999
9.	9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999
10.	9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999	\$ 9999
Totals:		\$ 7803	\$ 7804	\$ 7802	\$ 9999	\$ 7801

Name of Firm: \_\_\_\_\_

As of: \_\_\_\_\_

Items to be Reported by: Bank SBSBs  
Bank MSBSPs

Aggregate Positions	LONG	SHORT
<b>1. Security-based swaps</b>		
<b>A. Debt security-based swaps (other than credit default swaps)</b>		
1. Cleared.....	\$ _____ 9999	\$ _____ 9999
2. Non-cleared .....	\$ _____ 9999	\$ _____ 9999
<b>B. Equity security-based swaps</b>		
1. Cleared.....	\$ _____ 9999	\$ _____ 9999
2. Non-cleared .....	\$ _____ 9999	\$ _____ 9999
<b>C. Credit default security-based swaps</b>		
1. Cleared.....	\$ _____ 9999	\$ _____ 9999
2. Non-cleared .....	\$ _____ 9999	\$ _____ 9999
<b>D. Other security-based swaps</b>		
1. Cleared.....	\$ _____ 9999	\$ _____ 9999
2. Non-cleared .....	\$ _____ 9999	\$ _____ 9999
<b>2. Mixed swaps</b>		
A. Cleared .....	\$ _____ 9999	\$ _____ 9999
B. Non-cleared .....	\$ _____ 9999	\$ _____ 9999
<b>3. Swaps</b>		
<b>A. Interest rate swaps</b>		
1. Cleared.....	\$ _____ 9999	\$ _____ 9999
2. Non-cleared .....	\$ _____ 9999	\$ _____ 9999
<b>B. Foreign exchange swaps</b>		
1. Cleared.....	\$ _____ 9999	\$ _____ 9999
2. Non-cleared .....	\$ _____ 9999	\$ _____ 9999
<b>C. Commodity swaps</b>		
1. Cleared.....	\$ _____ 9999	\$ _____ 9999
2. Non-cleared .....	\$ _____ 9999	\$ _____ 9999
<b>D. Debt index swaps (other than credit default swaps)</b>		
1. Cleared.....	\$ _____ 9999	\$ _____ 9999
2. Non-cleared .....	\$ _____ 9999	\$ _____ 9999
<b>E. Equity index swaps</b>		
1. Cleared.....	\$ _____ 9999	\$ _____ 9999
2. Non-cleared .....	\$ _____ 9999	\$ _____ 9999
<b>F. Credit default swaps</b>		
1. Cleared.....	\$ _____ 9999	\$ _____ 9999
2. Non-cleared .....	\$ _____ 9999	\$ _____ 9999

Name of Firm: \_\_\_\_\_

As of: \_\_\_\_\_

Items to be Reported by: Bank SBSBs  
Bank MSBSPs

G. Other swaps			
1. Cleared.....	\$	_____ 9999	\$ _____ 9999
2. Non-cleared .....	\$	_____ 9999	\$ _____ 9999
4. Other derivatives.....	\$	_____ 9999	\$ _____ 9999
5. Total (sum of Lines 1-4) .....	\$	_____ 9999	\$ _____ 9999

Name of Firm: \_\_\_\_\_

As of: \_\_\_\_\_

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FOCUS REPORT FORM SBS INSTRUCTIONS**

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Schedule 2 – Credit Concentration Report for Fifteen Largest Exposures in Derivatives

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Schedule 1 – Aggregate Security-Based Swap and Swap Positions

## GENERAL INSTRUCTIONS

FOCUS Report Form SBS ("Form SBS") constitutes the basic report required of those firms registered with the Securities and Exchange Commission ("Commission") as security-based swap dealers ("SBSDs") or major security-based swap participants ("MSBSPs"). The instructions issued from time-to-time must be used in preparing Form SBS and are considered an integral part of this report.

### Who Must File

An SBSBD or MSBSP must file Form SBS. The Form consists of five Parts, which apply to an SBSBD or MSBSP based on the firm's registration status: (1) an SBSBD or MSBSP that is not also registered as a broker-dealer or bank (respectively, a "stand-alone SBSBD" or "stand-alone MSBSP"); (2) an SBSBD or MSBSP that also is registered as a broker-dealer (respectively, a "broker-dealer SBSBD" or "broker-dealer MSBSP"); (3) an SBSBD or MSBSP supervised by a prudential regulator (respectively, a "bank SBSBD" or "bank MSBSP"); or (4) any of the above if the SBSBD or MSBSP also is registered as a futures commission merchant ("FCM"). An SBSBD or MSBSP must complete: (1) Parts 1 and 4 of Form SBS if it is a stand-alone SBSBD, broker-dealer SBSBD, stand-alone MSBSP, or broker-dealer MSBSP; or (2) Parts 2 and 5 of Form SBS if it is a bank SBSBD or bank MSBSP. In addition to completing those parts, the SBSBD or MSBSP also must complete Part 3 if it is also registered as an FCM.

### Filing Requirements

Form SBS must be filed by nonbank SBSBDs and nonbank MSBSPs within 17 business days of the end of the month in accordance with 17 C.F.R. § 240.17a-5 or 17 C.F.R. § 240.18a-7, as applicable. Form SBS must be filed by bank SBSBDs and bank MSBSPs within 17 business days of the end of the quarter in accordance with 17 C.F.R. § 240.18a-7.

Form SBS must be filed with the firm's designated examining authority ("DEA"), or if none, then with the Commission or its designee. The name of the SBSBD or MSBSP and the report's effective date must be repeated on each sheet of the report submitted. If no response is made to a line item or subdivision thereof, it constitutes a representation that the SBSBD or MSBSP has nothing to report.

### Consolidated Reporting

In computing net capital, firms should consolidate their assets and liabilities in accordance with 17 C.F.R. §§ 240.15c3-1c or 18a-1c, as applicable.

### Currency

Foreign currency may be expressed in terms of U.S. dollars at the rate of exchange as of the report's effective date and, where carried in conjunction with the U.S. dollar, balances for the same accountholder may be consolidated with U.S. dollar balances and the gross or net position reported in its proper classification, provided the foreign currency is not subject to any restriction as to conversion.

### Rounding

As a general rule, money amounts should be expressed in whole dollars. No valuation should be used which is higher than the actual valuation, *i.e.*, for \$170,000.85, use \$170,000 but not \$170,001. However, for *any* or *all-short* valuations, round up the valuation to the nearest dollar, *i.e.*, for \$180,000.17, use \$180,001 but not \$180,000. Money amounts should be expressed in whole dollars.

### U.S. Generally Accepted Accounting Principles

Financial statements must be prepared in conformity with U.S. generally accepted accounting principles, applied on a basis consistent with that of the preceding report and must include, in the basic statement or accompanying footnotes, all informative disclosures necessary to make the statement a clear expression of the organization's financial and operational condition. The broker or dealer must report all data after proper accruals have been made for income and expense not recorded in the books of account and adequate reserves have been provided for deficits in customer or broker accounts, unrecorded liabilities, security differences, dividends and similar items.

The amount of terms (including commitment fees and the conditions under which lines may be withdrawn) of unused lines of credit for short-term financing must be disclosed, if significant, in notes to the financial statements.

### **Definitions**

"Alternative standard" refers to the alternative standard for computing net capital based on aggregate debit items, in accordance with 17 C.F.R. § 240.15c3-1.

"Aggregate indebtedness" is defined in 17 C.F.R. § 240.15c3-1.

"Bona fide arbitrage" is defined in 17 C.F.R. § 240.15c3-1.

"Open contractual commitment" is defined in 17 C.F.R. § 240.15c3-1.

"Current net exposure" is defined as the net replacement value minus the fair market value of collateral collected that may be applied under applicable rules (e.g., taking into account haircuts to the fair market value of the collateral required under applicable rules).

"Customer" and "non-customer" are defined in 17 C.F.R. § 240.15c3-1.

"Exempted securities" is defined in section 3 of the Securities Exchange Act of 1934.

"Gross replacement value" and "Gross replacement value – receivable" are defined as the amount that would need to be paid to enter into identical contracts with respect to derivatives positions that have a positive mark-to-market value to the firm (*i.e.*, are receivable positions of the firm), without applying any netting or collateral.

"Gross replacement value – payable" is defined as the amount that would need to be paid to enter into identical contracts with respect to derivatives positions that have a negative mark-to-market value to the firm (*i.e.*, are payable positions of the firm), without applying any netting or collateral.

"Margin collected" is defined as the amount of margin collateral collected that can be applied against the firm's total exposure under applicable rules.

"Net capital" is defined in 17 C.F.R. §§ 240.15c3-1 or 18a-1, as applicable.

"Net replacement value" is defined as the amount of the "gross replacement value – receivable" minus the amount of the "gross replacement value – payable" that may be netted for each counterparty in accordance with applicable rules.

"Omnibus" refers to an arrangement whereby one firm settles transactions and holds securities in an account on behalf of another firm and its customers. The clearing firm only knows the other firm and does not know the customers of the carrying firm.

"Prudential regulator" is defined in section 3 of the Securities Exchange Act of 1934.

"Ready market" is defined in 17 C.F.R. §§ 240.15c3-1 or 18a-1, as applicable.

"Secured demand note" ("SDN") is defined in 17 C.F.R. § 240.15c3-1d.

"Securities not readily marketable" is defined in 17 C.F.R. §§ 240.15c3-1 or 18a-1, as applicable.

"Security-based swap customer" is defined in 17 C.F.R. § 240.18a-4.

"Total exposure" is defined as the sum of the following:

- The current net exposure,
- The amount of initial margin for cleared security-based swaps and swaps required by a clearing agency or derivatives clearing organization (regardless of whether the margin has been collected),
- The "margin amount" for non-cleared security-based swaps calculated under 17 C.F.R. § 240.18a-3,

- The initial margin for non-cleared swaps calculated under the CFTC's rules (regardless of whether the margin has been collected), and
- The maximum potential exposure as defined in 17 C.F.R. §§ 240.15c3-1 or 18a-1, as applicable, for any over-the-counter derivatives not included above.

## SPECIFIC INSTRUCTIONS

### COVER PAGE

The cover page must be answered in its entirety. If a line does not apply, the firm should write "None" or "N/A" on the line, as applicable.

- 13 Name of reporting entity. Provide the name of the firm filing Form SBS, as it is registered with the Commission. Do not use DBAs or divisional names. Do not abbreviate.
- 20-23, 99 Address of principal place of business. Provide the physical address (not post office box) of the firm's principal place of business.
- 30 Name of person to contact in regard to this report. The identified person need not be an officer or partner of the firm, but should be a person who can answer any questions concerning this specific report.
- 31 (Area code) Telephone no. Provide the direct telephone number of the contact person whose name appears on Line Item 30.
- 31, 35, 37, 39 Official use. This item is for use by regulatory staff only. Leave blank.
- 32, 34, 36, 38 Name(s) of subsidiaries or affiliates consolidated in this report. Provide the name of the subsidiaries or affiliate firms whose financial and operational data are combined in Form SBS with that of the firm filing Form SBS.

### PART 1

#### Statement of Financial Condition

This section must be prepared by stand-alone SBSBs, broker-dealer SBSBs, stand-alone MSBSPs, and broker-dealer MSBSPs. Firms should report their assets as allowable or non-allowable in accordance with 17 C.F.R. § 240.15c3-1, 17 C.F.R. § 240.18a-1, or 17 C.F.R. § 240.18a-2, as applicable. With respect to liabilities, the columns entitled "A.I. Liabilities" and "Non-A.I. Liabilities" should only be completed by broker-dealers electing to comply with the aggregate indebtedness standard under 17 C.F.R. § 240.15c3-1.

- 120 Total securities – includes encumbered securities. Report here the market value of total securities that are encumbered. Securities should be treated as encumbered when the firm transfers them to a creditor and that creditor has the right by contract or custom to sell or re-pledge the collateral. Encumbered inventory may be reported on a settlement date basis even if total inventory is reported on a trade date basis. Firms that introduce their proprietary accounts do not need to report the value of encumbered securities held by the carrying/clearing firm.
- 200 Allowable – cash. Report unrestricted cash balances. Do not report:
- Bank-negotiable certificates of deposits or similar bank money market instruments. Report bankers' acceptances, certificates of deposit, commercial paper, and money market instruments on Line Item 849.
  - Petty cash. Report it on Miscellaneous Non-Allowable Assets (Line Item 720).
  - Cash used to collateralize bank loans or other similar liabilities (compensating balances). Report these funds on Line Item 720.

- Overdrafts in unrelated banks. Report such overdrafts as Bank Loan (includible) (Line Item 1460) or as Drafts Payable (Line Item 1630).
- 210 Allowable – cash segregated in compliance with federal and other regulations. Report cash segregated pursuant to federal or state statutes or regulations, or the requirements of any foreign government or instrumentality thereof.
- 220 Allowable – receivables from brokers/dealers and clearing organizations – failed to deliver – includible in the formula for reserve requirement under Rule 15c3-3a. Do not report continuous net settlement (“CNS”) fails to deliver here. Report them on Line Item 280.
- 999 Allowable – receivables from brokers/dealers and clearing organizations – failed to deliver – includible in the formula for the deposit requirement under Rule 18a-4a. Do not report CNS fails to deliver here. Report them on Line Item 999 (Clearing organizations – Includible in the formula for the deposit requirement under Rule 18a-4a).
- 230 Allowable – receivables from brokers/dealers and clearing organizations – failed to deliver – other. Do not report CNS fails to deliver here. Report them on Line Item 290.
- 260 Allowable – receivables from brokers/dealers and clearing organizations – omnibus accounts – includible in the formula for reserve requirement under Rule 15c3-3a. If applicable, report here net ledger balances and losses and gains on commodities future contracts.
- 999 Allowable – receivables from brokers/dealers and clearing organizations – omnibus accounts – includible in the formula for the deposit requirement under Rule 18a-4a. If applicable, report here net ledger balances and losses and gains on commodities future contracts.
- 270 Allowable – receivables from brokers/dealers and clearing organizations – omnibus accounts – other. If applicable, report here net ledger balances and losses and gains on commodities future contracts.
- 280 Allowable – receivables from brokers/dealers and clearing organizations – clearing organizations – includible in the formula for reserve requirement under Rule 15c3-3a. Report CNS fails to deliver allocating to customers here. CNS balances may be reported on a net basis by category (*i.e.*, customer, non-customer).
- 999 Allowable – receivables from brokers/dealers and clearing organizations – clearing organizations – includible in the formula for the deposit requirement under Rule 18a-4a. Report CNS fails to deliver allocating to security-based swap customers here. CNS balances may be reported on a net basis by category (*i.e.*, customer, non-customer).
- 290 Allowable – receivables from brokers/dealers and clearing organizations – clearing organizations – other. Report CNS fails to deliver here. CNS balances may be reported on a net basis by category (*i.e.*, customer, non-customer). Report deposits of cash with clearing organizations.
- 292 Allowable – trade date receivable. Report pending or unsettled trades that net to a receivable balance, as of trade date, across all counterparties.
- 300 Allowable – receivables from brokers/dealers and clearing organizations – other. Report other allowable receivables from brokers/dealers and clearing organizations, including floor brokerage, commissions, trade date adjustment, and all other allowable gross receivables from brokers/dealers and clearing organizations not already reported.
- 320 Allowable – receivables from customers – securities accounts – partly secured accounts. Report those portions of partly secured customer accounts that have been secured by securities deemed to have a ready market. The remaining portion of the ledger debit balance is considered nonallowable; report it as partly secured customer receivables (Line Item 560).

- 360 Allowable – securities purchased under agreements to resell. Report the gross contract value receivable (contract price) of reverse repurchase agreements that are deemed to be adequately secured. Contract price includes accrued interest on the contract at the repurchase agreement's rate (not the underlying securities). Buy-sell agreements are considered financing transactions and are reported on this line item. If a firm does not take possession of the collateral securing a reverse repurchase agreement, it will be treated as a nonallowable asset and reported on Line Item 605. Reverse repurchase deficits (including buy-sell deficits) should be reported on Line Item 3610.
- 480 Allowable – investment in and receivables from affiliates, subsidiaries and associated partnerships. This amount should not be netted against a payable from different affiliates, subsidiaries, and associated partnerships.
- 500 Allowable – other assets – dividends and interest receivable. Dividends receivable and payable should not be netted; they should be recorded in separate accounts.
- 520 Allowable – other assets – loans and advances. Report amounts related to loans and advances made to employees and others that are secured by readily marketable securities, and meet the margin requirements of Regulation T (12 C.F.R. § 220), 17 C.F.R. § 240.18a-3, and/or the firm's DEA, as applicable. Do not report loans and advances to partners, directors, and officers. Report them in the appropriate category under "Receivable from non-customers", on either Line Item 340 or Line Item 350.
- 530 Allowable – other assets – miscellaneous. Report allowable assets not readily classifiable into other previously identified categories. Examples of assets reported on this line item include: future income tax benefits arising as a result of unrealized losses; good faith deposits; and deferred organization expenses, prepaid expenses, and deferred charges.
- 536 Allowable – other assets – collateral accepted under ASC 860. Report here the market value of securities received that are required to be reported under ASC 860.
- Securities held as collateral for stock loan transactions are recognized as both an asset (Securities accepted under ASC 860 (Line Item 536)) and as a liability (Obligation to return securities (Line Item 1686)).
- Example: A firm loans 100 shares of stock valued at \$1050 and receives stock collateral valued at \$1000. The market value of the collateral received should be reported on the FOCUS as follows:
- |        |                 |                                    |        |
|--------|-----------------|------------------------------------|--------|
| Debit  | FOCUS Item 536  | Securities accepted under SFAS 140 | \$1000 |
| Credit | FOCUS Item 1686 | Obligation to return securities    | \$1000 |
- Reclass firm inventory at market value of \$1050 to Encumbered Inventory (Line Item 120) if loaned and applicable.
- 537 Allowable – other assets – SPE assets. Report here financial assets that were previously transferred to a special purpose entity ("SPE") that do not qualify for sale treatment under ASC 860. Financial assets that have been transferred to a qualifying SPE do not need to be reported on Form SBS. Financial assets that have been transferred to a SPE that is not a qualifying SPE fail to qualify for sale treatment generally because effective control over the assets is still maintained.
- 550 Nonallowable – receivables from brokers/dealers and clearing organizations – other. Report nonallowable or aged receivables from brokers/dealers and clearing organizations including floor brokerage, commissions, trade date adjustment, and all other nonallowable gross receivables from brokers/dealers and clearing organizations not already reported. Do not net unrelated receivables versus payables.
- 560 Nonallowable – receivables from customers – securities accounts – partly secured accounts. Report those portions of partly secured customer accounts that have not been secured by securities deemed to have a ready market. See 17 C.F.R. § 240.15c3-1 or 17 C.F.R. § 240.18a-1, as applicable. Report deficits in partly secured accounts of the introducing firm. Both the carrying broker and the introducing broker must report this if their clearing agreement states that such deficits are the liability of the introducing broker.

- 605 Nonallowable – securities purchased under agreements to resell. Report the gross contract value receivable (contract price) of reverse repurchase agreements that are not deemed to be adequately secured. If collateral that secures a reverse repurchase receivable is non-marketable or illiquid, then the amount receivable is nonallowable and should be reported here. Contract price includes accrued interest on the contract at the repurchase agreement's rate (not the underlying securities).
- 670 Nonallowable – investment in and receivables from affiliates, subsidiaries and associated partnerships. This amount should not be netted against payables from different affiliates or subsidiaries.
- 690 Nonallowable – other assets – dividends and interest receivable. Dividends receivable and payable are not to be netted; they should be recorded in separate accounts.
- 710 Nonallowable – other assets – loans and advances. Do not report unsecured loans and advances to partners, directors, and officers. Report them on Line Item 600.
- 750 Total – cash. This line item is equal to Line Item 200.
- 760 Total – cash segregated in compliance with federal and other regulations. This line item is equal to Line Item 210.
- 770 Total – receivables from brokers/dealers and clearing organizations – failed to deliver. This line item is the sum of Line Items 220, 999, and 230.
- 780 Total – receivables from brokers/dealers and clearing organizations – securities borrowed. This line item is the sum of Line Items 240, 999, and 250.
- 790 Total – receivables from brokers/dealers and clearing organizations – omnibus accounts. This line item is the sum of Line Items 260, 999, and 270.
- 800 Total – receivables from brokers/dealers and clearing organizations – clearing organizations. This line item is the sum of Line Items 280, 999, and 290.
- 802 Total – trade date receivable. This line item is equal to Line Item 292.
- 810 Total – receivables from brokers/dealers and clearing organizations – other. This line item is the sum of Line Items 300 and 550.
- 820 Total – receivables from customers. This line item is the sum of Line Items 310, 320, 330, 335, 560, 570, 580, and 590.
- 830 Total – receivables from non-customers. This line item is the sum of Line Items 340, 350, and 600.
- 840 Total – securities purchased under agreements to resell. This line item is the sum of Line Items 360 and 605.
- 849 Allowable – total securities, including security-based swaps, and spot commodities and swaps owned at market value. Report the long market value for securities, spot commodities, and swaps netted, including the value of derivative contracts that is allowable under 17 C.F.R. §§ 240.15c3-1 or 18a-1, as applicable.
- 850 Total – total securities, including security-based swaps, and spot commodities and swaps owned. This line item is equal to Line Item 849.
- 860 Total – securities owned not readily marketable. This line item is the sum of Line Items 440 and 610.
- 870 Total – other investments not readily marketable. This line item is the sum of Line Items 450 and 620.
- 880 Total – securities borrowed under subordination agreements and partners' individual and capital securities accounts. This line item is the sum of Line Items 460 and 630.
- 890 Total – secured demand notes. This line item is the sum of Line Items 470 and 640.
- 900 Total – memberships in exchanges. This line item is the sum of Line Items 650 and 660.

- 910 Total – investment in and receivables from affiliates, subsidiaries and associated partnerships. This line item is the sum of Line Items 480 and 670.
- 920 Total – property, furniture, equipment, leasehold improvements, and rights under lease agreements. This line item is the sum of Line Items 490 and 680.
- 930 Total – other assets. This line item is the sum of Line Items 500, 510, 520, 530, 536, 537, 690, 700, 710, and 720.
- 940 Total – assets. This line item is the sum of Line Items 540 and 740.
- 950 Payable to customers – securities accounts – including free credits. Do not report here funds in commodity accounts segregated in accordance with the Commodity Exchange Act. Do not report credits related to short sales of securities. Do not report here amounts reported on Line Item 999 (Security-based swap accounts payable to customers – free credits).
- 999 Payable to customers – security-based swap accounts – including free credits. Do not report credits related to short sales of securities. Do not report here amounts reported on Line Item 950.
- 960 Securities sold but not yet purchased – arbitrage. Report that part of Line Item 1620 that is deemed to be part of a bona fide arbitrage.
- 970 Liabilities subordinated to claims of creditors – cash borrowings – from outsiders. Report that portion of subordinated liabilities (cash borrowings) reported on Line Item 1710 that are owed to the firm's non-partners, non-members, or non-stockholders (outsiders).
- 980 Liabilities subordinated to claims of creditors – cash borrowings – includes equity subordination. Report that portion of subordinated liabilities (cash borrowings) reported on Line Item 1710 that are considered equity pursuant to 17 C.F.R. § 240.15c3-1 or 17 C.F.R. § 240.18a-1, as applicable, for debt to debt-equity requirements. See also 17 C.F.R. § 240.15c3-1d and 17 C.F.R. § 240.18a-1d regarding events of acceleration and default.
- 990 Liabilities subordinated to claims of creditors – securities borrowings – from outsiders. This amount represents that portion of Line Item 1720 that is securities borrowing from the firm's non-partners, non-members, or non-stockholders (outsiders).
- 1000 Liabilities subordinated to claims of creditors – pursuant to secured demand note collateral agreements – from outsiders. Report that portion of liabilities subordinated pursuant to SDN collateral agreements (Line Item 1730) that are owed to the firm's non-partners, non-members, or non-stockholders (outsiders).
- 1010 Liabilities subordinated to claims of creditors – pursuant to secured demand note collateral agreements – includes equity subordination. Report that portion of liabilities subordinated pursuant to SDN collateral agreements (Line Item 1730) that are considered equity pursuant to 17 C.F.R. § 240.15c3-1 or 17 C.F.R. § 240.18a-1, as applicable, for debt to debt-equity requirements.  
See also 17 C.F.R. § 240.15c3-1d and 17 C.F.R. § 240.18a-1d regarding events of acceleration and default.
- 1020 Partnership and LLC – including limited partners. Report that portion of Line Item 1780 that represents the capital contributions of limited partners to the limited partnership. Limited liability companies ("LLCs") should leave this line item blank.
- 1480 Securities sold under repurchase agreements. Report here the gross contract value (contract price) of securities sold under repurchase agreements. Contract price includes accrued interest on the contract at the repurchase agreement's rate (not the underlying securities). Buy-sell agreements resembling repurchase agreements are also reported here.
- 1490 Payable to brokers/dealers and clearing organizations – failed to receive – includible in the formula for reserve requirements under Rule 15c3-3a. Do not report here CNS failed to receive relating to customers. Report them on Line Item 1550.



- 9999 Payable to brokers/dealers and clearing organizations – failed to receive – includible in the formula for the deposit requirement under Rule 18a-4a. Do not report here CNS failed to receive relating to security-based swap customers. Report them on Line Item 9999 (Clearing organizations - includible in the formula for the deposit requirement under 17 C.F.R. § 240.18a-4a).
- 1500 Payable to brokers/dealers and clearing organizations – failed to receive – other. Do not report here CNS failed to receive relating to non-customers. Report them on Line Item 1560.
- 1530 Payable to brokers/dealers and clearing organizations – omnibus accounts – includible in the formula for reserve requirements under Rule 15c3-3a. Report here customer-related credit balances in accounts carried by other firms pursuant to omnibus agreements.
- 9999 Payable to brokers/dealers and clearing organizations – omnibus accounts – includible in the formula for the deposit requirement under Rule 18a-4a. Report here security-based swap customer-related credit balances in accounts carried by other firms pursuant to omnibus agreements.
- 1540 Payable to brokers/dealers and clearing organizations – omnibus accounts – other. Report here non-customer and proprietary-related credit balances in accounts carried by other firms pursuant to omnibus agreements. FCMs should also report on this line item omnibus accounts used to clear proprietary and non-customer accounts that liquidate to a deficit (payable to the other FCM). An omnibus account that the reporting FCM carries at another FCM liquidating to a deficit should not be netted against omnibus accounts that liquidate to an equity.
- 1550 Payable to brokers/dealers and clearing organizations – clearing organizations – includible in the formula for reserve requirements under Rule 15c3-3a. CNS fails to receive allocating to customers are also included on this line item. CNS balances may be reported on a net basis by category (customers or non-customers); however, they should be allocated broadly for purposes of the formulas under 17 C.F.R. § 240.15c3-3a and 17 C.F.R. § 240.18a-4a.
- 9999 Payable to brokers/dealers and clearing organizations – clearing organizations – includible in the formula for the deposit requirement under Rule 18a-4a. CNS fails to receive allocating to security-based swap customers are also included on this line item. CNS balances may be reported on a net basis by category (customers, security-based swap customers, non-customers and non-security-based swap customers); however, they should be allocated broadly for purposes of the formulas under 17 C.F.R. § 240.15c3-3a and 17 C.F.R. § 240.18a-4a.
- 1560 Payable to brokers/dealers and clearing organizations – clearing organizations – other. CNS balances may be reported on a net basis by category (customers or non-customers).
- 1562 Trade date payable. Report here pending or unsettled trades that net to a payable balance as of trade date, across all counterparties.
- 1570 Payable to brokers/dealers and clearing organizations – other. Report here all other payables to broker/dealers including commissions, floor brokerage, and trade date or settlement date adjustments. When a firm is required to prepare its net capital computation on a trade date basis, any net receivables (or payables) resulting from adjusting proprietary positions to reflect the trade date basis of accounting should be reported here. Do not net payables and receivables with unrelated entities.
- 1686 Accounts payable and accrued liabilities and expenses – obligation to return securities. Report here the market value of securities that are required to be reported pursuant to ASC 860. Report here the market value of securities received in a stock loan transaction in which the firm lent out one security and received another security in lieu of cash.
- 1687 Accounts payable and accrued liabilities and expenses – SPE liabilities. Report here liabilities of SPEs that offset financial assets previously transferred to the SPE that do not qualify for sale treatment under ASC 860. Liabilities reported here contrast with the assets reported on Line Item 537.

1710 Liabilities subordinated to claims of creditors – cash borrowings. SBSBs should report here cash borrowings that are subordinated to the claims of creditors, and meet the minimum requirements of 17 C.F.R. § 240.15c3-1d or 17 C.F.R. § 240.18a-1d, if applicable. These liabilities are added to net worth in the computation of net capital (see Line Item 3520).

#### **Computation of Net Capital (Filer Authorized to Use Models)**

This section must be prepared by stand-alone SBSBs, broker-dealer SBSBs, and broker-dealer MSBSPs that are authorized by the Commission to calculate net capital using internal models in accordance with 17 C.F.R. §§ 240.15c3-1e and 240.18a-1(d), as applicable.

3490 Deduct ownership equity not allowable for net capital. Report as a deduction any capital accounts, included as part of ownership equity on the Statement of Financial Condition, that are not allowable in the determination of net capital (*i.e.*, partners' securities contributed to the firm through their individual and capital accounts).

3525 Other (deductions) or allowable credits. Report deductions or addbacks that are net of any related tax benefit.

Reported amounts must also be reported on the section entitled "Capital Withdrawals."

Do not deduct from net worth or include in aggregate indebtedness any net receivables or payables resulting from the recording of proprietary positions on a trade date basis.

3610 Other deductions and/or charges. These charges include the following:

- Securities borrowed deficits,
- Stock loan deficits,
- Repurchase and reverse repurchase deficits,
- Aged fail-to-receive,
- The 1% deduction for fails to deliver and stock borrows allocating to fails to receive that have been excluded from the customer reserve or deposit requirement formula, as applicable,
- Other operational charges not comprehended elsewhere, and
- The 1% deduction for stock borrows collateralized by an irrevocable letter of credit.

3630 Other additions and/or allowable credits. Report adjustments to ownership equity related to unrealized profit or loss and to deferred tax provisions, pursuant to 17 C.F.R. § 240.15c3-1 or 17 C.F.R. § 240.18a-1, as applicable. Report also any flow-through capital that has been approved by the Commission pursuant to 17 C.F.R. § 240.15c3-1c, if applicable.

Unrealized losses on open contractual commitments are treated as charges when computing the net worth and the debt/equity total. See 17 C.F.R. § 240.15c3-1 or 17 C.F.R. § 240.18a-1, as applicable. Unrealized profits on open contractual commitments are allowed to reduce haircuts, but not to otherwise increase net worth or net capital.

#### **Computation of Net Capital (Filer Not Authorized to Use Models)**

This section must be prepared by stand-alone SBSBs, broker-dealer SBSBs, and broker-dealer MSBSPs that are not authorized by the Commission to calculate net capital using internal models in accordance with 17 C.F.R. § 240.15c3-1e or 17 C.F.R. § 240.18a-1(d), as applicable.

Follow the instructions in the immediately preceding section entitled "Computation of Net Capital (Filer Authorized to Use Models)" to the extent it contains instructions corresponding with the applicable line item number (unless contrary instructions are provided below).

3732 Haircuts on securities – arbitrage. Report the deduction applied to securities considered part of a bona fide arbitrage, pursuant to 17 C.F.R. § 240.15c3-1 or 17 C.F.R. § 240.18a-1, as applicable.

3734 Haircuts on securities – other securities. This line item should include deductions applied to securities of an investment company registered under the Investment Company Act of 1940.

3736 Haircuts on securities – other. The deductions reported here should include charges related to foreign currency exposure or charges related to swaps.

### **Computation of Minimum Regulatory Capital Requirements (Broker-Dealer)**

This section must be prepared by broker-dealer SBSBs and broker-dealer MSBs. The calculation of excess tentative net capital should only be completed by broker-dealers that are authorized to calculate net capital using internal models.

**3870** Ratio requirement – 2% of aggregate debit items. FCMs must report here the greater of:

- 2% of aggregate debit items, or
- **4%** of funds required to be segregated pursuant to the Commodity Exchange Act.

### **Computation of Minimum Regulatory Capital Requirements (Non-Broker-Dealer)**

This section must be prepared by stand-alone SBSBs. The calculation of excess tentative net capital should only be completed by stand-alone SBSBs that are authorized to calculate net capital using internal models.

### **Computation of Tangible Net Worth**

This section must be prepared by stand-alone MSBs and broker-dealer MSBs.

### **Statement of Income (Loss)**

This section must be prepared by stand-alone SBSBs, broker-dealer SBSBs, stand-alone MSBs, and broker-dealer MSBs.

The Statement of Income (Loss) is largely based on the Supplemental Statement of Income (Loss) from FINRA's Supplemental Statement of Income ("SSOI"). Follow the instructions in the section of the SSOI Instructions entitled "Specific Instructions" to the extent it contains instructions corresponding with the applicable line item number (unless contrary instructions are provided below).

For the purposes of the Statement of Income (Loss), "registered offering" means an offering registered with the SEC.

### **Capital Withdrawals**

This section must be prepared by stand-alone SBSBs, broker-dealer SBSBs, and broker-dealer MSBs.

Name of lender or contributor. Report the name of the lender or contributor to whom the scheduled liability relates (*i.e.*, name of partner, shareholder or subordinated lender). If an amount reported in this column relates to a discretionary liability or other addback to capital, include a description of the addback (*i.e.*, "discretionary liability").

Amount to be withdrawn. These amounts can include:

- Equity capital that the firm expects to distribute within the next six months;
- Subordinated liabilities that are scheduled to mature within the next six months;
- Accruals and other addbacks to net capital that will not be eligible for inclusion in net capital within the next six months.

### **Capital Withdrawals – Recap**

This section must be prepared by stand-alone SBSBs, broker-dealer SBSBs, and broker-dealer MSBs.

With respect to Lines 1 through 4, report equity and subordinated liabilities maturing or proposed to be withdrawn within the next six months and accruals which have not been deducted in the computation of net capital.

### **Financial and Operational Data**

This section must be prepared by stand-alone SBSs, broker-dealer SBSs, and broker-dealer MSBSPs. In addition to the specific instructions below, firms should refer to the instructions accompanying Notes A and B of this section on Form SBS itself.

- 4980 Actual number of tickets executed during the reporting period. For agency transactions, count both street side and customer side as one transaction. Count as one transaction multiple executions at the same price that result in one confirmation. In the case of principal transactions, count separately dealer-to-dealer and retail transactions. Carrying and clearing firms should include in the total ticket count transactions emanating from those firms for whom they clear on a fully disclosed basis. Firms that introduce accounts on a fully disclosed basis should include transactions introduced in their ticket count.
- 4990 Number of corrected customer confirmations mailed after settlement date. Include confirmations for which the incorrect original was mailed to the customer. Consider individually multiple corrections on confirmations.
- 5374 Customers' and security-based swap customers' accounts under Rules 15c3-3 or 18a-4, as applicable. Report the aggregate market value of specific securities, other than exempted securities, which exceeds 15% of the value of all securities which collateralize all margin receivables pursuant to Note E to 17 C.F.R. § 240.15c3-3a or Note E to 17 C.F.R. § 240.18a-1a, as applicable.
- 5378 Total of personal capital borrowings due within six months. Report the total borrowed cash and/or securities that, in computing net capital, are included as proprietary capital or subordinated debt.
- 5760 Open transfers and reorganization account items over 40 days not confirmed or verified – number of items. The term "reorganization account items" includes, but is not limited to, transactions in the following: (1) "rights" subscriptions, (2) warrants exercised, (3) stock splits, (4) redemptions, (5) conversions, (6) exchangeable securities, and (7) spin-offs.
- 5820 Security suspense and differences with related money balances – long – debits. When computing net capital, regard short positions and related credits as proprietary commitments if they remain unresolved seven business days after discovery.
- 5825 Security suspense and differences with related money balances – short – debits. When computing net capital, regard long positions and related debits as proprietary commitments if they remain unresolved seven business days after discovery.
- 5830 Market value of short and long security suspense and differences without related money – debits. When computing net capital, regard the market value of short security differences as deductions if they remain unresolved seven business days after discovery. Do not net unrelated differences in the same security or in other securities.
- 5840 Market value of security record breaks – debits. Report the market values of short security record breaks that are unresolved seven business days after discovery.
- 5850 Correspondents, SBSs, and MSBSPs – long – debits. Report here the debit amount applicable to all unresolved reconciling items (favorable or unfavorable) with correspondents, SBSs, and/or MSBSPs that are long and unresolved within seventeen business days from record date. Do not net these items.
- 5855 Correspondents, SBSs, and MSBSPs – short – debits. Report here the debit amount applicable to all unresolved reconciling items (favorable or unfavorable) with correspondents, SBSs, and/or MSBSPs that are short and unresolved within seventeen business days from record date. Do not net these items.
- 5860 Depositories – debits. Report here the debit amount or short value applicable to all unresolved reconciling items (favorable or unfavorable) with depositories that are unresolved within seven business days from the date of receipt of the statement of account from the carrying entity. Do not net these items.
- 5870 Clearing organizations – long – debits. Report here the debit amount applicable to all unresolved reconciling items (favorable or unfavorable) with clearing organizations that are long and unresolved within

- seven business days from the date of receipt of the statement of account from the carrying entity. Do not net these items.
- 5875 Clearing organizations – short – debits. Report here the debit value applicable to all unresolved reconciling items (favorable or unfavorable) with clearing organizations that are short and unresolved within seven business days from the date of receipt of the statement of account from the carrying entity. Do not net these items.
- 6012 Money suspense and balancing differences – deductions. A difference, open at the report date and unresolved for seven business days after discovery, must be deducted regardless of whether the difference is resolved prior to Form SBS' filing date.
- 6020 Security suspense and differences with related money balances – long – credits. When computing net capital, regard long positions and related credits as proprietary commitments if they remain unresolved seven business days after discovery.
- 6025 Security suspense and differences with related money balances – short – credits. When computing net capital, regard long positions and related credits as proprietary commitments if they remain unresolved seven business days after discovery.
- 6040 Market value of security record breaks – credits. Report the market values of long security record breaks that are unresolved seven business days after discovery.
- 6042 Market value of security record breaks – deductions. The market values of short security record breaks are deductions to net capital only if they remain unresolved seven business days after discovery.
- 6050 Correspondents, SBSs, and MSBSs – long – credits. Report here the credit amount applicable to all unresolved reconciling items (favorable or unfavorable) with correspondents, SBSs, and/or MSBSs that are long and unresolved within seventeen business days from record date.
- 6055 Correspondents, SBSs, and MSBSs – short – credits. Report here the credit amount applicable to all unresolved reconciling items (favorable or unfavorable) with correspondents, SBSs, and/or MSBSs that are short and unresolved within seventeen business days from record date. Do not net these items.
- 6060 Depositories – credits. Report here the credit amount or long value applicable to all unresolved reconciling items (favorable or unfavorable) with depositories that are unresolved within seven business days from the date of receipt of the statement of account from the carrying entity. Do not net these items.
- 6070 Clearing organizations – long – credits. Report here the credit amount applicable to all unresolved reconciling items (favorable or unfavorable) with clearing organizations that are long and unresolved within seven business days from the date of receipt of the statement of account from the carrying entity. Do not net these items.
- 6075 Clearing organizations – short – credits. Report here the credit value applicable to all unresolved reconciling items (favorable or unfavorable) with clearing organizations that are short and unresolved within seven business days from the date of receipt of the statement of account from the carrying entity. Do not net these items.
- 6160 Open transfers and reorganization account items over 40 days not confirmed or verified – credits. Report here credits relating to open transfers and reorganization account items that have not been confirmed or verified for over forty days. See the instructions accompanying Line Item 5760 for a discussion of the term "reorganization account items."
- 6162 Open transfers and reorganization account items over 40 days not confirmed or verified – deductions. Report here the total deductions relating to open transfers and reorganization account items that have not been confirmed or verified for over forty days. See the instructions accompanying Line Item 5760 for a discussion of the term "reorganization account items."

6182 Aged fails to deliver – deductions. Report deductions for fails to deliver that are five business days or longer (or 21 business days for municipal securities).

6187 Aged fails to receive – deductions. Report deductions for fails to receive that are outstanding for more than 30 calendar days.

### **Computation for Determination of Reserve Requirements – Rule 15c3-3, Exhibit A and Related Notes**

This section must be prepared by broker-dealer SBSBs and broker-dealer MSBs. See also the notes accompanying 17 C.F.R. § 240.15c3-3a.

Note that broker-dealer SBSBs must also complete the “Computation for Determination of Reserve Requirements – Rule 18a-4, Appendix A” with regard to security-based swap customers’ accounts (while limiting this calculation under 17 C.F.R. § 240.15c3-3a to customers’ accounts). The term “customer” is defined in 17 C.F.R. § 240.15c3-3.

### **Information for Possession or Control Requirements under Rule 15c3-3**

This section must be prepared by broker-dealer SBSBs and broker-dealer MSBs.

Note that broker-dealer SBSBs must also complete the Computation for Determination of Reserve Requirements under 17 C.F.R. § 240.18a-4a with regard to security-based swap customers’ security-based swap accounts (while limiting this calculation under 17 C.F.R. § 240.15c3-3a to security accounts).

### **Computation for Determination of PAB Requirements**

This section must be prepared by broker-dealer SBSBs and broker-dealer MSBs.

### **Computation for Determination of the Amount to be Maintained in the Special Account for the Exclusive Benefit of Security-Based Swap Customers – Rule 18a-4, Appendix A**

This section must be prepared by stand-alone SBSBs and broker-dealer SBSBs. See also the notes accompanying 17 C.F.R. § 240.18a-4a.

Note that broker-dealer SBSBs must also complete the “Computation for Determination of Reserve Requirements – Rule 15c3-3, Exhibit A and Related Notes” with regard to customers’ accounts (while limiting this calculation under 17 C.F.R. § 240.18a-4a to security-based swap customers’ accounts). The term “security-based swap customer” is defined in 17 C.F.R. § 240.18a-4.

### **Information for Possession or Control Requirements under Rule 18a-4**

This section must be prepared by stand-alone SBSBs and broker-dealer SBSBs.

Note that broker-dealer SBSBs must also complete the Computation for Determination of Reserve Requirements under 17 C.F.R. § 240.15c3-3a with regard to customers’ security accounts (while limiting this calculation under 17 C.F.R. § 240.18a-4a to security-based swap accounts).

## **PART 2**

### **Balance Sheet (Information as Reported on FFIEC Form 031 – Schedule RC)**

This section must be prepared by bank SBSBs and bank MSBs.

This section should be prepared in accordance with the FFIEC Instructions, including “Schedule RC – Balance Sheet.” Thus, dollar amounts should be reported in thousands. In addition, the data reported on this section should only be updated quarterly.

### **Regulatory Capital (Information as Reported on FFIEC Form 031 – Schedule RC-R)**

This section must be prepared by bank SBSBs and bank MSBSBs.

This section should be prepared in accordance with the FFIEC Instructions, including "Schedule RC-R – Regulatory Capital." Thus, dollar amounts should be reported in thousands. In addition, the data reported on this section should only be updated quarterly.

Note that the line numbers on this section and Schedule RC-R do not match, so firms should refer to the line item numbers (appended with the letter "b" in Form SBS) when matching Schedule RC-R's instructions with this section.

#### **Income Statement (Information as Reported on FFIEC Form 031 – Schedule RI)**

This section must be prepared by bank SBSBs and bank MSBSBs.

This section should be prepared in accordance with the FFIEC Instructions, including "Schedule RI – Income Statement." Thus, dollar amounts should be reported in thousands. In addition, the data reported on this section should only be updated quarterly.

Note that the line numbers on this section and Schedule RI do not match, so firms should refer to the line item numbers (appended with the letter "b" in Form SBS) when matching Schedule RI's instructions with this section.

#### **Computation for Determination of the Amount to be Maintained in the Special Account for the Exclusive Benefit of Security-Based Swap Customers – Rule 18a-4, Appendix A**

This section must be prepared by bank SBSBs.

This section should be prepared in accordance with the instructions accompanying the section in Part 1 of Form SBS entitled "Computation for Determination of the Amount to be Maintained in the Special Account for the Exclusive Benefit of Security-Based Swap Customers – Rule 18a-4, Appendix A."

#### **Information for Possession or Control Requirements under Rule 18a-4**

This section must be prepared by bank SBSBs.

This section should be prepared in accordance with the instructions accompanying the section in Part 1 of Form SBS entitled "Information for Possession or Control Requirements under Rule 18a-4."

### **PART 3**

#### **Computation of CFTC Minimum Capital Requirements**

This section must be prepared by all SBSBs registered with the CFTC as futures commission merchants pursuant to section 4d of the Commodity Exchange Act, and all MSBSBs registered with the CFTC as futures commission merchants pursuant to section 4d of the Commodity Exchange Act.

This section should be prepared in accordance with the Commodity Futures Trading Commission's Form 1-FR-FCM ("CFTC Instructions"), including the instructions accompanying the section entitled "Statement of the Computation of the Minimum Capital Requirements."

#### **Statement of Segregation Requirements and Funds in Segregation for Customers Trading on U.S. Commodity Exchanges**

This section must be prepared by all SBSBs registered with the CFTC as futures commission merchants pursuant to section 4d of the Commodity Exchange Act, and all MSBSBs registered with the CFTC as futures commission merchants pursuant to section 4d of the Commodity Exchange Act.

This section should be prepared in accordance with the CFTC Instructions, including the section entitled "Statement of Segregation Requirements and Funds in Segregation for Customers Trading on U.S. Commodity Exchanges."

### **Statement of Cleared Swaps Customer Segregation Requirements and Funds in Cleared Swaps Customer Accounts under Section 4d(f) of the Commodity Exchange Act**

This section must be prepared by all SBSDs registered with the CFTC as futures commission merchants pursuant to section 4d of the Commodity Exchange Act, and all MSBSPs registered with the CFTC as futures commission merchants pursuant to section 4d of the Commodity Exchange Act.

This section should be prepared in accordance with the CFTC Instructions, including the section entitled "Statement of Cleared Swaps Customer Segregation Requirements and Funds in Cleared Swaps Customer Accounts under Section 4d(f) of the Commodity Exchange Act."

### **Statement of Segregation Requirements and Funds in Segregation for Customers' Dealer Options Accounts**

This section must be prepared by all SBSDs registered with the CFTC as futures commission merchants pursuant to section 4d of the Commodity Exchange Act, and all MSBSPs registered with the CFTC as futures commission merchants pursuant to section 4d of the Commodity Exchange Act.

This section should be prepared in accordance with the CFTC Instructions, including the section entitled "Statement of Segregation Requirements and Funds in Segregation for Customers' Dealer Options Accounts."

### **Statement of Secured Amounts and Funds Held in Separate Accounts for Foreign Futures and Foreign Options Customers Pursuant to CFTC Regulation 30.7**

This section must be prepared by all SBSDs registered with the CFTC as futures commission merchants pursuant to section 4d of the Commodity Exchange Act, and all MSBSPs registered with the CFTC as futures commission merchants pursuant to section 4d of the Commodity Exchange Act.

This section should be prepared in accordance with the CFTC Instructions, including the section entitled "Statement of Secured Amounts and Funds Held in Separate Accounts for Foreign Futures and Foreign Options Customers."

## **PART 4**

### **Schedule 1 – Aggregate Securities, Commodities, and Swaps Positions**

This schedule must be prepared by stand-alone SBSDs, broker-dealer SBSDs, stand-alone MSBSPs, and broker-dealer MSBSPs.

For the applicable security-based swap, mixed swap, or swap, report the month-end gross replacement value for cleared and non-cleared receivables in the long column, and report the month-end gross replacement value for cleared and non-cleared payables in the short column. Reports totals on the "Total" row.

Terms may be defined by reference to other sections of the instructions accompanying Form SBS (*e.g.*, Line Item 8290 (Arbitrage) may be defined by reference to Line Item 422 (Arbitrage)). Derivatives should be defined by referenced to the section of the instructions entitled "Definitions of Derivatives."

### **Schedule 2 – Credit Concentration Report for Fifteen Largest Exposures in Derivatives**

This schedule must be prepared by stand-alone SBSDs, broker-dealer SBSDs, stand-alone MSBSPs, and broker-dealer MSBSPs.

On the penultimate row of each table, entitled "All other counterparties," report the requested information for all of the firm's counterparties except for the fifteen counterparties already listed on the applicable table.

**Counterparty identifier.** In the first table, list the fifteen counterparties to which the firm has the largest current net exposure, beginning with the counterparty to which the firm has the largest current net exposure.

In the second table, list the fifteen counterparties to which the firm has the largest total exposure, beginning with the counterparty to which the firm has the largest total exposure.



Identify each counterparty by its unique counterparty identifier.

Internal credit rating. Report the applicable counterparty's internal credit rating as assigned by the firm.

Gross replacement value – receivable. For the applicable counterparty, report here the gross replacement value of the firm's derivatives receivable positions. Report total on the "Totals" row.

Gross replacement value – payable. For the applicable counterparty, report here the gross replacement value of the firm's derivatives payable positions. Report total on the "Totals" row.

Net replacement value. For the applicable counterparty, report here the net replacement value of the firm's derivative positions. Report total on the "Totals" row.

Current net exposure. For the applicable counterparty, report here the firm's current net exposure to derivative positions. Report total on the "Totals" row.

Total exposure. For the applicable counterparty, report here the firm's total exposure to derivative positions. Report total on the "Totals" row.

Margin collected. For the applicable counterparty, report here the margin collected to cover the firm's derivative positions. Report total on the "Totals" row.

### **Schedule 3 – Portfolio Summary of Derivatives Exposures by Internal Credit Rating**

This schedule must be prepared by stand-alone SBSs, broker-dealer SBSs, stand-alone MSBSPs, and broker-dealer MSBSPs.

Internal credit rating. Report here the firm's internal credit rating scale. Each row should contain a separate symbol, number, or score in the firm's rating scale to denote a credit rating category and notches within a category in descending order from the highest to the lowest notch. For example, the following symbols would each represent a notch in a rating scale in descending order: AAA, AA+, AA, AA-, A+, A, A-, BBB+, BBB, BBB-, BB+, BB, BB-, CCC+, CCC, CCC-, CC, C and D.

Gross replacement value – receivable. For the applicable internal credit rating notch, report here the gross replacement value of the firm's derivatives receivable positions with counterparties rated at that notch. Report total on the "Totals" row.

Gross replacement value – payable. For the applicable internal credit rating notch, report here the gross replacement value of the firm's derivatives payable positions with counterparties rated at that notch. Report total on the "Totals" row.

Net replacement value. For the applicable internal credit rating notch, report here the net replacement value of the firm's derivative positions with counterparties rated at that notch. Report total on the "Totals" row.

Current net exposure. For the applicable internal credit rating notch, report here the firm's current net exposure to derivative positions with counterparties rated at that notch. Report total on the "Totals" row.

Total exposure. For the applicable internal credit rating notch, report here the firm's total exposure to derivative positions with counterparties rated at that notch. Report total on the "Totals" row.

Margin collected. For the applicable internal credit rating notch, report here the margin collected to cover the firm's derivative positions with counterparties rated at that notch. Report total on the "Totals" row.

### **Schedule 4 – Geographic Distribution of Derivatives Exposures for Ten Largest Countries**

This schedule must be prepared by stand-alone SBSs, broker-dealer SBSs, stand-alone MSBSPs, and broker-dealer MSBSPs.

Country. Identify the 10 largest countries according to the firm's current net exposure or total exposure in derivatives. In the first table, countries should be ordered according to the size of the firm's current net exposure in derivatives to them (beginning with the largest and ending with the smallest). In the first table, countries should be

ordered according to the size of the firm's total exposure in derivatives to them (beginning with the largest and ending with the smallest). A firm's counterparty is deemed to reside in the country where its main operating company is located.

Gross replacement value – receivable. For the applicable country, report here the gross replacement value of the firm's derivatives receivable positions. Report total on the "Totals" row.

Gross replacement value – payable. For the applicable country, report here the gross replacement value of the firm's derivatives payable positions. Report total on the "Totals" row.

Net replacement value. For the applicable country, report here the net replacement value of the firm's derivative positions. Report total on the "Totals" row.

Current net exposure. For the applicable country, report here the firm's current net exposure to derivative positions. Report total on the "Totals" row.

Total exposure. For the applicable country, report here the firm's total exposure to derivative positions. Report total on the "Totals" row.

Margin collected. For the applicable country, report here the margin collected to cover the firm's derivative positions. Report total on the "Totals" row.

## Part 5

### Schedule 1 – Aggregate Security-Based Swap and Swap Positions

This schedule must be prepared by bank SBSDs and bank MSBSPs.

For the applicable security-based swap, mixed swap, or swap, report the quarter-end gross replacement value for cleared and non-cleared receivables in the long column, and report the quarter-end gross replacement value for cleared and non-cleared payables in the short column. Report total on the "Total" row.

Derivatives should be defined by referenced to the section of the instructions entitled "Definitions of Derivatives."

By the Commission.

Kevin M. O'Neill  
Deputy Secretary

Date: April 17, 2014