

## INSTRUCTIONS

### GENERAL INSTRUCTIONS

- A. Answer questions applicable to the broker-dealer's business activities and all "Yes" or "No" questions. Questions that cannot be answered because the broker-dealer does not engage in a particular activity do not need to be answered. For example, a broker-dealer that does not hold customer and non-customer funds or securities does not need to answer Items 3.C-3.E.
- B. Definitions: for purposes of this Form:
1. "Affiliate" means any person who directly or indirectly controls the broker-dealer or any person who is directly or indirectly controlled by or under common control with the broker-dealer. Ownership of 25% or more of the common stock of an entity is deemed prima facie evidence of control.
  2. "Bank" has the same meaning as in 15 U.S.C. 78c(a)(6).
  3. "Broker" has the same meaning as in 15 U.S.C. 78c(a)(4).
  4. "Dealer" has the same meaning as in 15 U.S.C. 78c(a)(5).
  5. "Carrying broker-dealer" means a broker-dealer that carries customer or broker or dealer accounts and receives or holds funds or securities for those customers.
  6. "Clearing broker-dealer" means a broker-dealer that clears transactions for itself or accounts of other broker-dealers either on a fully disclosed or omnibus basis.
  7. "Customer" has the same meaning as in 17 CFR 240.15c3-3(a)(1).
  8. "Free credit balance" means any liabilities of a broker-dealer to customers and non-customers that are subject to immediate cash payment to customers and non-customers on demand, whether resulting from sales of securities, dividends, interest, deposits, or otherwise, excluding, however, funds in commodity accounts that are segregated in accordance with the Commodity Exchange Act or in a similar manner.
  9. "Money Market Fund" means any security issued by an investment company registered under section 8 of the Investment Company Act of 1940 that is considered a money market fund under Investment Company Act Rule 2a-7.
  10. "Omnibus account" means an account carried and cleared by another broker-dealer and containing accounts of undisclosed customers on a commingled basis that are carried individually on the books of the broker-dealer introducing the accounts.
  11. "Private Fund" means an issuer that would be an investment company as defined in section 3 of the Investment Company Act of 1940 but for section 3(c)(1) or 3(c)(7) of that Act.
  12. "Structured debt" means any security or money market instrument issued by an asset pool or as part of any asset-backed or mortgage-backed securities transaction. Structured debt is a broad category of financial instrument and includes, but is not limited to, asset-backed securities such as residential mortgage-backed securities ("RMBS") and other types of structured debt instruments such as collateralized debt obligations ("CDOs"), including synthetic and hybrid CDOs, or collateralized loan obligations ("CLOs").

## INSTRUCTIONS FOR SPECIFIC LINE ITEMS

- Item 1.A Answer the question by checking the appropriate box. A broker-dealer must check “Yes” if it introduces any customer accounts to another broker-dealer on a fully disclosed basis. A broker-dealer that carries customer accounts and/or introduces customer accounts on an omnibus basis must check “Yes” if it also introduces one or more customer accounts to another broker-dealer on a fully disclosed basis.
- Item 1.B Item 1.B applies to broker-dealers that introduce customer accounts on a fully disclosed basis to one or more other broker-dealers. If Item 1.B applies, identify each broker-dealer to which customer accounts are introduced on a fully disclosed basis.
- Item 2.A Answer the question by checking the appropriate box. A broker-dealer must check “Yes” if it introduces any customer accounts to another broker-dealer on an omnibus basis. A broker-dealer that carries customer accounts (other than those introduced on an omnibus basis) and/or introduces customer accounts on a fully disclosed basis must check “Yes” if it also introduces one or more customer accounts to another broker-dealer on an omnibus basis.
- Item 2.B Item 2.B applies to broker-dealers that introduce customer accounts on an omnibus basis to one or more other broker-dealers. If Item 2.B applies, identify each broker-dealer to which customer accounts are introduced on an omnibus basis.
- Item 3.A Answer the question by checking the appropriate box. A broker-dealer that introduces customer accounts to another broker-dealer on an omnibus basis is a carrying broker-dealer with respect to those accounts under the Commission’s broker-dealer financial responsibility rules. If those accounts are the only accounts carried by the broker-dealer, check “No” in Item 3.A, as those accounts are addressed in Items 2.A and 2.B.
- Item 3.B Answer the question by checking the appropriate box. Answer “Yes” if accounts are carried by the broker-dealer for persons that are not “customers” as that term is defined in Rule 15c3-3 under the Securities Exchange Act of 1934. Examples of persons that are not customers of a broker-dealer include general partners, directors, or principal officers – such as the president, executive vice presidents, treasurer, secretary or any person performing similar functions – of the broker-dealer and accountholders that are themselves broker-dealers (unless such broker-dealer accountholders are required to be treated as customers under Rule 15c3-3).
- Item 3.C Identify the types of locations where the broker-dealer holds securities. Only identify types of locations where the broker-dealer holds securities directly in the name of the broker-dealer (*i.e.*, do not identify a type of location if the broker-dealer only holds securities at the location through an intermediary). A location holds securities directly in the name of the broker-dealer if the location is aware of the identity of the broker-dealer and acts directly upon the broker-dealer’s instructions. A location holds securities through an intermediary if the location is not aware of the identity of the broker-dealer or will not act on instructions directly from the broker-dealer (*i.e.*, the location holding securities for the broker-dealer would only act on instructions relating to the broker-dealer’s securities from the broker-dealer’s intermediary). The information required by Items 3.C.i-iii is intended to identify all locations used by the broker-dealer to hold securities listed on the broker-dealer’s stock record, and to elicit information concerning the frequency with which the broker-dealer performs reconciliations between the information on its stock record and information about the securities provided by the location. In Item 3.C.i, check all applicable boxes, and in Items 3.C.i-iii provide all applicable information as specified for each Item.

- Item 3.D Answer the questions in Items 3.D.i-iii by checking appropriate boxes and entering appropriate financial information, where applicable, and by providing explanations as requested. In Item 3.D.i, check “Other” if a type of security carried by the broker-dealer for customers is not listed on the chart, and for each category of security, indicate by checking the approximate box for the approximate U.S. dollar market value of the securities.
- Item 3.E Answer the questions in Items 3.E.i-iii by checking appropriate boxes and entering appropriate financial information, where applicable, and by providing explanations as requested. In Item 3.E.i, check “Other” if a type of security carried by the broker-dealer for persons that are not customers is not listed on the chart, and for each category of security, indicate by checking the appropriate box the approximate U.S. dollar market value of the securities.
- Item 4 Answer the questions in Items 4.A.i-iii and 4.B.i-iii by checking appropriate boxes and, if applicable, providing requested information.
- Item 5 Answer the questions in Items 5.A and 5.B by checking the appropriate box and, if applicable, providing requested information. A broker-dealer should respond to Item 5.A by checking “Yes” if it employs a vendor to send trade confirmations to customers on its behalf because the broker-dealer is ultimately responsible for complying with its trade confirmation obligations, not the vendor.
- Item 6 Answer the questions by checking the appropriate boxes and, if applicable, providing requested information. In Item 6.C, check “Yes” if (i) a broker-dealer sends account statements to persons other than the beneficial owner of the account; or (ii) if a broker-dealer sends account statements to the beneficial owner of an account and duplicate account statements to persons other than the beneficial owner of the account.
- Item 7 Answer the question by checking the appropriate box.
- Item 8 Answer the questions in Item 8 by checking appropriate boxes and, if applicable, providing requested information.
- Item 9 Answer the questions in Item 9 by checking appropriate boxes and, if applicable, providing requested information.