

THE New York Stock
Exchange

Regulation and Surveillance

**INFORMATION
MEMO**

Number 76-17
April 2, 1976

- SUBJECT: 1) FOCUS Reporting Requirements for
Certain Subsidiaries and Affiliates
of Member Organizations
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- 2) FOCUS Reporting on a Consolidated Basis
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- 1) FOCUS Reporting Requirements for Certain Subsidiaries
and Affiliates of Member Organizations

Each guaranteed subsidiary or associated partnership formed pursuant to NYSE Rules 322 and 324 and each subsidiary or affiliate for which a member organization is qualified to receive "flow through" capital benefits in accordance with Appendix C of SEC Capital Requirements Rule 15c3-1 shall file separate FOCUS Report data as follows:

(A) If registered as a broker/dealer with the SEC or qualified to receive "flow through" benefit, complete and submit Part II or IIA, as applicable, as of the end of each calendar quarter and as of the annual audit date if such date is not the end of a calendar quarter.

(B) All others shall complete and submit the attached form as of the same dates as indicated in (A) above. The form calls for a minimum of information.

These separate or unconsolidated reports are necessary to determine adequacy of capital as well as impact upon the member organization's capital position.

This represents a reduction in reporting requirements from 1975 when a separate Joint Regulatory Report of Broker/Dealers' Financial and Operational Condition was required to be filed monthly for such subsidiaries or affiliates.

- 2) FOCUS Reporting on a Consolidated Basis

Each member organization's statement of financial condition, computation of net capital and net capital requirement reported in Part II

Part IIA or in Part I of Form X-17A-5 shall be on a consolidated basis unless the following conditions exist:

(A) The member organization does not guarantee, endorse, or assume directly or indirectly liabilities or obligations of a subsidiary or affiliate and has not qualified to receive "flow through" capital benefits from any subsidiary or affiliate.

(B) The member organization guarantees, endorses, or assumes, directly or indirectly, the liabilities or obligations of a subsidiary or affiliate and has not qualified to receive "flow through" capital benefits and the consolidation of the parent broker/dealer and such subsidiary or affiliate results in an:

- a) increase in net capital, or
- b) decrease in the ratio of aggregate indebtedness to net capital, or
- c) decrease in minimum net capital requirements under the alternative method.

Reports on Form X-17A-5 for member organizations and subsidiaries or affiliates shall be filed with the Exchange by the seventeenth business day after the close of the period.

Inquiries may be directed to your organization's Finance Coordinator in the Regulation and Surveillance Group.

Information to be Provided for Certain Subsidiaries
and Affiliates of Member Organizations which
are Not Registered as Broker/Dealers with the SEC

NAME	N	5	100
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as of (MM/DD/YY) 99

Name of Member Organization with which connected	3401
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(Check one of the following:)

Formed Under

Rule 321 affiliate.....	3402
Rule 322 guaranteed subsidiary.....	3404
Rule 324 associated partnership.....	3406
Other (specify).....	3408

(Complete and submit this form with the member organization's filing of Part II or IIA of the FOCUS Report. Omit Pennies.)

For Subsidiary, Affiliate or Associated Partnership Only

Total assets.....	\$	940
Total liabilities.....	\$	1760
Ownership equity.....	\$	1800
Net capital after eliminations and deductions specified in SEC Rule 15c3-1 (NYSE Rule 325).....	\$	3750
Net capital requirement, if any (1).....	\$	3760
Net income or (loss) before Federal Income Taxes.....	\$	4210
Intercompany receivables or (payables).....	\$	3420

Answer yes or no:

Were these assets, liabilities and ownership equity consolidated in the member organization's FOCUS Report filing?.....	3418
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NOTE: (1) Refer to NYSE Rules 322 and 324