

Information Memo



New York
Stock Exchange, Inc.

Member Firm Regulation

Number 88-10
April 20, 1988

20 Broad Street
New York, NY 10005

TO: Members and Member Organizations

ATTENTION: Chief Executive, Financial, Legal and
Compliance Officers/Partners

SUBJECT: I. SEC Rule 15c3-3 - Treatment of Customer Balances
Related to Foreign Futures and Options Transactions

II. Correction of Temporary Schedules for
CFTC Financial Reporting Requirement for
Foreign Futures and Options Transactions

I. SEC Rule 15c3-3 Formula Treatment of Customer Net Equities

Please note that the SEC has agreed that any customer balances comprehended in the computation required by CFTC Regulation 30.7 need not be included in the Reserve Formula.

II. Correction Page to FOCUS Supplements Published via Information Memo #88-8

Please replace Schedules T10 and T10-1 with the new Schedules attached. There is a typographical error on Schedule T10-1. The item number related to Line #14 of the Statement of Segregation Requirement and Funds in Segregation for Customers Trading on U.S. Commodity Exchanges, should have been numbered 7190, and not 7090.

Questions and comments should be directed to your organization's finance coordinator.


Raymond J. Hennessy
Vice-President

Attachments
09170/th

SUPPLEMENT TO
FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART II

BROKER OR DEALER

As of

COMPUTATION OF CFTC MINIMUM NET CAPITAL REQUIREMENT

- A. Amounts required to be segregated or set aside in separate accounts for customers pursuant to the CEAct and regulations
- i. U.S. futures & options (page T10-1, line 6) \$ 7400
 - ii. Dealer options (page T10-2, line 1) 7410
 - iii. Foreign futures & options (page T10-3, line 1) 7420
 - iv. Subtotal \$ 7430
- B. Deduction for open long U.S. and foreign options in customers' accounts
- i. Value of long options included in line A 7440
 - ii. With respect to each option customer, the amount of long values included in line B.i. which exceeds the net liquidating equity in that option customer's account () 7450
 - iii. Net deduction for open long customer options () 7460
- C. Amount subject to 4% net capital factor (Item 7430 less Item 7460) \$ 7470
- D. Enter 4% of line C \$ 7480
- E. Minimum CFTC Net Capital Requirement. Enter the greater of Line D or \$50,000 (See Note) 7490

Note: If amount on Line E (7490) is greater than minimum net capital requirement computed in Item 3760 (Page 6) then enter this greater amount in Item 3760. The greater of the amount required by SEC or CFTC is the minimum net capital requirement.

SUPPLEMENT TO
FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART II

BROKER OR DEALER

As of

STATEMENT OF SEGREGATION REQUIREMENTS AND FUNDS IN SEGREGATION
FOR CUSTOMERS TRADING ON U.S. COMMODITY EXCHANGES

SEGREGATION REQUIREMENTS (Section 4d(2) of the CEAct)

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) (add lines 1, 2 and 3)		7040
5. Accounts liquidating to a deficit and accounts with debit balances		
- gross amount		7045
Less: amount offset against U.S. Treasury obligations owned by particular customers	(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. Margins on deposit with 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) 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 FQMs		
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