

Securities and Exchange Commission Rule 15c3-1

Aggregate Indebtedness Standard

No broker or dealer shall permit its aggregate indebtedness to all other persons to exceed 15 times its net capital.

In computing net capital, items not readily convertible into cash are excluded and the institution's position in marketable securities is valued up to 40% below current market quotations. Brokers that reach aggregate indebtedness 10 times its net capital are watched closely by the SEC. This policy modifies the rule to require that a broker's aggregate indebtedness shall be less than 10 times its net capital.

Alternative Standard

A broker or dealer shall not permit its net capital to be less than the greater of \$50,000 or 2% of aggregate debit items. Such broker or dealer shall notify its Examining Authority, in writing, of its election to operate under this paragraph.

A reduction of business is required if net capital is less than 4% of aggregate debit items and business may not be expanded if net capital is less than 5% of aggregate debit items. This policy modifies the rules to require that a broker's net capital shall not be less than 5% of aggregate debit items.