**Minimum Financial Requirements Worksheet Instructions**

**California-Registered Advisors\* CCR 260.237 –** Minimum Financial Requirements

Required for state firms that have a **home office in California and**:

(1) have custody of client funds or securities;

(2) have discretionary authority over client funds or securities; or

(3) accept a prepayment of more than $500 per client for six or more months in advance of work.

**Net worth Requirements**

**Discretionary Authority:**

* Net Worth: $10,000
* 120% Test minimum: $12,000

**Custody:**

* Custody of Client funds or securities: $35,000
* 120% test: $42,000

**Filing/Login Instructions:**

California worksheet based on information from your firms balance and income sheet (GAAP format)

CRD # \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Applicant Name # \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Computations As of # \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(*no more than 90 days after fiscal year end*)

**Example (for discretionary advisors)**

**Summary:**

|  |  |  |
| --- | --- | --- |
| Net Worth |  |  |
| Minimum Net Worth Required |  | $10000 |
| Excess/ (Deficit) in net worth Required |  |  |
| Excess/ (Deficit) in net worth Required @ 120% |  | $12000 |

**Net Worth**

|  |  |  |
| --- | --- | --- |
| Minimum Net Worth |  |  |
| Excluded Assets |  |  |
| Total Allowed Assets |  |  |
| Total Liabilities |  |  |
| Net Worth (Total Allowed Assets—total liabilities) |  |  |

**Excluded Assets**

|  |  |  |
| --- | --- | --- |
| Non-Current Prepaid Expenses |  |  |
| Deferred Charges |  |  |
| Goodwill |  |  |
| Franchise Rights |  |  |
| Organizational Expenses |  |  |
| Patents |  |  |
| Copyrights |  |  |
| Marketing Rights |  |  |
| Unamortized Debt Discount and Expense |  |  |
| All other assets of intangible nature |  |  |
| Home Furnishings/other |  |  |
| Personal Items |  |  |
| Advances or loans to stockholders |  |  |
| Advances or loans to partners |  |  |
| Total Excluded Assets |  |  |

**120% Test**

|  |  |  |
| --- | --- | --- |
| Net Worth |  |  |
| Minimum Net Worth Required @ 120% |  | $12000 |
| Excess/ (Deficit) in net worth Required @ 120% |  |  |