

SEA Rule 15c3-1: REVIEW

Please refer to the SEA Rule 15c3-1 that was distributed in class and provide a short response to each of these questions. For convenience, here is a link to what FINRA has published as of recent: [SEA Rule 15c3-1](#)

What is the capital requirement for a Broker-Dealer to custody \$10 million Farm Credit Bank Securities that mature in less than three months?

★ 20 points

Round your answer to the nearest dollar.

200 000

What is the capital requirement for a Broker-Dealer to custody \$10 million New York State General Obligation Bonds that mature in July of 2030. The bonds pay a 5% coupon and were issued at par.

★ 10 points

Round your answer to the nearest dollar.

650 000

What is the capital requirement for a Broker-Dealer to custody \$10 million Corporate Debt Instruments which are not traded flat (or in default) as to principal or interest, which have only a minimal amount of credit risk, a 7% coupon and mature in July of 2028?

10 points

450 000

What is bona fide arbitrage

5 points

when you buy a stock lower in one market and sell it for higher price in a second market

What is the deduction for a failure to deliver on a \$10 million dollar transaction, in the case of a domestic non-marketable security where the broker-dealer has failed to deliver for 20 business days as agreed to with the counterparty?

* 10 points

50 000

Is a broker-dealer considered a "market maker" when entering an inter-dealer quotation service with either "OW - BW" or its name, "OFFER WANTED" or "BID WANTED".

* 20 points

☐ YES

☒ NO

Is a broker-dealer considered a "market maker" if it furnishes bona fide competitive quotations on request.

* 20 points

☒ YES

☐ NO

What is the minimum capital required to maintain the status of a "dealer" *

20 points

5 000

What is the minimum capital required in order for a broker or dealer to effect a riskless principal transaction?

* 30 points

5 000

An OTC derivatives dealer shall at all times maintain tentative net capital of not less than: *

50 points

100 million

In the case of any short term Certificate of Deposit, what is the haircut for a broker-dealer to custody \$50 million in debenture that matures in less than 30 days.

* 30 points

0

How much capital is required for a broker-dealer to hold a \$10 million short position in a thirty year note that issued by a reputable company at par with a 5% fixed coupon. *

50 points

10 500 000

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★ 10 points

Round your answer to the nearest dollar.

55000

What is the capital requirement for a Broker-Dealer to custody \$10 million Corporate Debt Instruments which are not traded flat (or in default) as to principal or interest, which have only a minimal amount of credit risk, a 7% coupon and mature in July of 2028?

10 points

70000

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5 points

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5000000

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What is the minimum capital required to maintain the status of a "dealer" *

20 points

1000000

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* 30 points

5000

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50 points

100,000,000

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* 30 points

0

How much capital is required for a broker-dealer to hold a \$10 million short position in a thirty year note that issued by a reputable company at par with a 5% fixed coupon.

* 50 points

9%

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Round your answer to the nearest dollar.

0

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★ 10 points

Round your answer to the nearest dollar.

550000

What is the capital requirement for a Broker-Dealer to custody \$10 million Corporate Debt Instruments which are not traded flat (or in default) as to principal or interest, which have only a minimal amount of credit risk, a 7% coupon and mature in July of 2028?

10 points

70000

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What is the minimum capital required to maintain the status of a "dealer" *

20 points

100000

What is the minimum capital required in order for a broker or dealer to effect a riskless principal transaction?

* 30 points

5000

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50 points

100000000

In the case of any short term Certificate of Deposit, what is the haircut for a broker-dealer to custody \$50 million in debenture that matures in less than 30 days.

* 30 points

0

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50 points

900000

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0

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550000

What is the capital requirement for a Broker-Dealer to custody \$10 million Corporate Debt Instruments which are not traded flat (or in default) as to principal or interest, which have only a minimal amount of credit risk, a 7% coupon and mature in July of 2028?

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700000

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20 points

100000

What is the minimum capital required in order for a broker or dealer to effect a riskless principal transaction?

* 30 points

5000

An OTC derivatives dealer shall at all times maintain tentative net capital of not less than: *

50 points

100000000

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* 30 points

0

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50 points

900000

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Round your answer to the nearest dollar.

0

What is the capital requirement for a Broker-Dealer to custody \$10 million New York State General Obligation Bonds that mature in July of 2030. The bonds pay a 5% coupon and were issued at par.

★ 10 points

Round your answer to the nearest dollar.

\$ 550K

What is the capital requirement for a Broker-Dealer to custody \$10 million Corporate Debt Instruments which are not traded flat (or in default) as to principal or interest, which have only a minimal amount of credit risk, a 7% coupon and mature in July of 2028?

10 points

\$ 700K

What is bona fide arbitrage

5 points

A bona fide arbitrage exists when a long security is convertible into or exchangeable for a short security, subject to the conditions stated in this subparagraph (J) text, and may, in lieu of the treatment prescribed in other sections of SEA Rule 15c3-1 be treated as if the exchange or conversion had been effected, i.e., at realizable values. For net capital purposes, any cash to be received or paid is credited or charged to net worth, respectively, in lieu of long or short market values

What is the deduction for a failure to deliver on a \$10 million dollar transaction, in the case of a domestic non-marketable security where the broker-dealer has failed to deliver for 20 business days as agreed to with the counterparty?

* 10 points

\$ 5M

Is a broker-dealer considered a "market maker" when entering an inter-dealer quotation service with either "OW - BW" or its name, "OFFER WANTED" or "BID WANTED".

* 20 points

☒ YES

☐ NO

Is a broker-dealer considered a "market maker" if it furnishes bona fide competitive quotations on request.

* 20 points

☒ YES

☐ NO

What is the minimum capital required to maintain the status of a "dealer" *

20 points

\$ 100K

What is the minimum capital required in order for a broker or dealer to effect a riskless principal transaction?

* 30 points

\$ 5K

An OTC derivatives dealer shall at all times maintain tentative net capital of not less than: *

50 points

\$ 100M

In the case of any short term Certificate of Deposit, what is the haircut for a broker-dealer to custody \$50 million in debenture that matures in less than 30 days.

* 30 points

0

How much capital is required for a broker-dealer to hold a \$10 million short position in a thirty year note that issued by a reputable company at par with a 5% fixed coupon. *

50 points

\$ 900K

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Round your answer to the nearest dollar.

0

What is the capital requirement for a Broker-Dealer to custody \$10 million New York State General Obligation Bonds that mature in July of 2030. The bonds pay a 5% coupon and were issued at par.

★ 10 points

Round your answer to the nearest dollar.

550000

What is the capital requirement for a Broker-Dealer to custody \$10 million Corporate Debt Instruments which are not traded flat (or in default) as to principal or interest, which have only a minimal amount of credit risk, a 7% coupon and mature in July of 2028?

10 points

700000

What is bona fide arbitrage

5 points

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What is the deduction for a failure to deliver on a \$10 million dollar transaction, in the case of a domestic non-marketable security where the broker-dealer has failed to deliver for 20 business days as agreed to with the counterparty?

* 10 points

5000000

Is a broker-dealer considered a "market maker" when entering an inter-dealer quotation service with either "OW - BW" or its name, "OFFER WANTED" or "BID WANTED".

* 20 points

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☐ NO

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* 20 points

☒ YES

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What is the minimum capital required to maintain the status of a "dealer" *

20 points

100000

What is the minimum capital required in order for a broker or dealer to effect a riskless principal transaction?

* 30 points

5000

An OTC derivatives dealer shall at all times maintain tentative net capital of not less than: *

50 points

100000000

In the case of any short term Certificate of Deposit, what is the haircut for a broker-dealer to custody \$50 million in debenture that matures in less than 30 days.

* 30 points

0

How much capital is required for a broker-dealer to hold a \$10 million short position in a thirty year note that issued by a reputable company at par with a 5% fixed coupon. *

50 points

900000

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550000

What is the capital requirement for a Broker-Dealer to custody \$10 million Corporate Debt Instruments which are not traded flat (or in default) as to principal or interest, which have only a minimal amount of credit risk, a 7% coupon and mature in July of 2028?

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* 10 points

\$5M

Is a broker-dealer considered a "market maker" when entering an inter-dealer quotation service with either "OW - BW" or its name, "OFFER WANTED" or "BID WANTED".

* 20 points

☒ YES

☐ NO

Is a broker-dealer considered a "market maker" if it furnishes bona fide competitive quotations on request.

* 20 points

☒ YES

☐ NO

What is the minimum capital required to maintain the status of a "dealer" *

20 points

100K

What is the minimum capital required in order for a broker or dealer to effect a riskless principal transaction?

* 30 points

5K

An OTC derivatives dealer shall at all times maintain tentative net capital of not less than: *

50 points

\$100M

In the case of any short term Certificate of Deposit, what is the haircut for a broker-dealer to custody \$50 million in debenture that matures in less than 30 days.

* 30 points

0

How much capital is required for a broker-dealer to hold a \$10 million short position in a thirty year note that issued by a reputable company at par with a 5% fixed coupon. *

50 points

\$900K

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Round your answer to the nearest dollar.

0

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★ 10 points

Round your answer to the nearest dollar.

550000

What is the capital requirement for a Broker-Dealer to custody \$10 million Corporate Debt Instruments which are not traded flat (or in default) as to principal or interest, which have only a minimal amount of credit risk, a 7% coupon and mature in July of 2028?

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700000

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What is the minimum capital required to maintain the status of a "dealer" *

20 points

100000

What is the minimum capital required in order for a broker or dealer to effect a riskless principal transaction?

* 30 points

5000

An OTC derivatives dealer shall at all times maintain tentative net capital of not less than: *

50 points

100000000

In the case of any short term Certificate of Deposit, what is the haircut for a broker-dealer to custody \$50 million in debenture that matures in less than 30 days.

* 30 points

0

How much capital is required for a broker-dealer to hold a \$10 million short position in a thirty year note that issued by a reputable company at par with a 5% fixed coupon. *

50 points

900000

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★ 10 points

Round your answer to the nearest dollar.

550 000

What is the capital requirement for a Broker-Dealer to custody \$10 million Corporate Debt Instruments which are not traded flat (or in default) as to principal or interest, which have only a minimal amount of credit risk, a 7% coupon and mature in July of 2028?

10 points

700 000

What is bona fide arbitrage

5 points

a long secur

What is the deduction for a failure to deliver on a \$10 million dollar transaction, in the case of a domestic non-marketable security where the broker-dealer has failed to deliver for 20 business days as agreed to with the counterparty?

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* 50 points

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★ 10 points

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* 30 points

0

How much capital is required for a broker-dealer to hold a \$10 million short position in a thirty year note that issued by a reputable company at par with a 5% fixed coupon.

* 50 points

900 000

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★ 10 points

Round your answer to the nearest dollar.

500000

What is the capital requirement for a Broker-Dealer to custody \$10 million Corporate Debt Instruments which are not traded flat (or in default) as to principal or interest, which have only a minimal amount of credit risk, a 7% coupon and mature in July of 2028?

10 points

700000

What is bona fide arbitrage

5 points

a long secure

What is the deduction for a failure to deliver on a \$10 million dollar transaction, in the case of a domestic non-marketable security where the broker-dealer has failed to deliver for 20 business days as agreed to with the counterparty?

* 10 points

5mm

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* 20 points

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20 points

100000

What is the minimum capital required in order for a broker or dealer to effect a riskless principal transaction?

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5000

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50 points

10000000

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* 30 points

0

How much capital is required for a broker-dealer to hold a \$10 million short position in a thirty year note that issued by a reputable company at par with a 5% fixed coupon. *

50 points

90000

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Round your answer to the nearest dollar.

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★ 10 points

Round your answer to the nearest dollar.

550000

What is the capital requirement for a Broker-Dealer to custody \$10 million Corporate Debt Instruments which are not traded flat (or in default) as to principal or interest, which have only a minimal amount of credit risk, a 7% coupon and mature in July of 2028?

10 points

70,000

What is bona fide arbitrage

5 points

A long security

What is the deduction for a failure to deliver on a \$10 million dollar transaction, in the case of a domestic non-marketable security where the broker-dealer has failed to deliver for 20 business days as agreed to with the counterparty?

* 10 points

5,000,000

Is a broker-dealer considered a "market maker" when entering an inter-dealer quotation service with either "OW - BW" or its name, "OFFER WANTED" or "BID WANTED".

* 20 points

☒ YES

☐ NO

Is a broker-dealer considered a "market maker" if it furnishes bona fide competitive quotations on request.

* 20 points

☒ YES

☐ NO

What is the minimum capital required to maintain the status of a "dealer" *

20 points

100,000

What is the minimum capital required in order for a broker or dealer to effect a riskless principal transaction?

* 30 points

5000

An OTC derivatives dealer shall at all times maintain tentative net capital of not less than: *

50 points

100m

In the case of any short term Certificate of Deposit, what is the haircut for a broker-dealer to custody \$50 million in debenture that matures in less than 30 days.

* 30 points

0

How much capital is required for a broker-dealer to hold a \$10 million short position in a thirty year note that issued by a reputable company at par with a 5% fixed coupon. *

50 points

90000

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SEA Rule 15c3-1: REVIEW

Please refer to the SEA Rule 15c3-1 that was distributed in class and provide a short response to each of these questions. For convenience, here is a link to what FINRA has published as of recent: [SEA Rule 15c3-1](#)

What is the capital requirement for a Broker-Dealer to custody \$10 million Farm Credit Bank Securities that mature in less than three months?

★ 20 points

Round your answer to the nearest dollar.

0

What is the capital requirement for a Broker-Dealer to custody \$10 million New York State General Obligation Bonds that mature in July of 2030. The bonds pay a 5% coupon and were issued at par.

★ 10 points

Round your answer to the nearest dollar.

550000

What is the capital requirement for a Broker-Dealer to custody \$10 million Corporate Debt Instruments which are not traded flat (or in default) as to principal or interest, which have only a minimal amount of credit risk, a 7% coupon and mature in July of 2028?

10 points

70,000

What is bona fide arbitrage

5 points

a long security

What is the deduction for a failure to deliver on a \$10 million dollar transaction, in the case of a domestic non-marketable security where the broker-dealer has failed to deliver for 20 business days as agreed to with the counterparty?

* 10 points

50 percent

Is a broker-dealer considered a "market maker" when entering an inter-dealer quotation service with either "OW - BW" or its name, "OFFER WANTED" or "BID WANTED".

* 20 points

☒ YES

☐ NO

Is a broker-dealer considered a "market maker" if it furnishes bona fide competitive quotations on request.

* 20 points

☒ YES

☐ NO

What is the minimum capital required to maintain the status of a "dealer" *

20 points

100,000

What is the minimum capital required in order for a broker or dealer to effect a riskless principal transaction?

* 30 points

5000

An OTC derivatives dealer shall at all times maintain tentative net capital of not less than: *

50 points

100,000,000

In the case of any short term Certificate of Deposit, what is the haircut for a broker-dealer to custody \$50 million in debenture that matures in less than 30 days.

* 30 points

0

How much capital is required for a broker-dealer to hold a \$10 million short position in a thirty year note that issued by a reputable company at par with a 5% fixed coupon.

* 50 points

90000

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What is the capital requirement for a Broker-Dealer to custody \$10 million Farm Credit Bank Securities that mature in less than three months?

★ 20 points

Round your answer to the nearest dollar.

0

What is the capital requirement for a Broker-Dealer to custody \$10 million New York State General Obligation Bonds that mature in July of 2030. The bonds pay a 5% coupon and were issued at par.

★ 10 points

Round your answer to the nearest dollar.

550 000

What is the capital requirement for a Broker-Dealer to custody \$10 million Corporate Debt Instruments which are not traded flat (or in default) as to principal or interest, which have only a minimal amount of credit risk, a 7% coupon and mature in July of 2028?

10 points

700 000

What is bona fide arbitrage

5 points

A bone fide arbitrage exists when a long secure

What is the deduction for a failure to deliver on a \$10 million dollar transaction, in the case of a domestic non-marketable security where the broker-dealer has failed to deliver for 20 business days as agreed to with the counterparty?

* 10 points

5MM

Is a broker-dealer considered a "market maker" when entering an inter-dealer quotation service with either "OW - BW" or its name, "OFFER WANTED" or "BID WANTED".

* 20 points

☒ YES

☐ NO

Is a broker-dealer considered a "market maker" if it furnishes bona fide competitive quotations on request.

* 20 points

☒ YES

☐ NO

What is the minimum capital required to maintain the status of a "dealer" *

20 points

100000

What is the minimum capital required in order for a broker or dealer to effect a riskless principal transaction?

* 30 points

5000

An OTC derivatives dealer shall at all times maintain tentative net capital of not less than: *

50 points

100 000 000

In the case of any short term Certificate of Deposit, what is the haircut for a broker-dealer to custody \$50 million in debenture that matures in less than 30 days.

* 30 points

0

How much capital is required for a broker-dealer to hold a \$10 million short position in a thirty year note that issued by a reputable company at par with a 5% fixed coupon. *

50 points

500 000

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What is the capital requirement for a Broker-Dealer to custody \$10 million Farm Credit Bank Securities that mature in less than three months?

★ 20 points

Round your answer to the nearest dollar.

0

What is the capital requirement for a Broker-Dealer to custody \$10 million New York State General Obligation Bonds that mature in July of 2030. The bonds pay a 5% coupon and were issued at par.

★ 10 points

Round your answer to the nearest dollar.

550000

What is the capital requirement for a Broker-Dealer to custody \$10 million Corporate Debt Instruments which are not traded flat (or in default) as to principal or interest, which have only a minimal amount of credit risk, a 7% coupon and mature in July of 2028?

10 points

700000

What is bona fide arbitrage

5 points

A bona fide arbitrage exists when a long security is convertible into or exchangeable for a short security, subject to the conditions stated in this subparagraph (J) text, and may, in lieu of the treatment prescribed in other sections of SEA Rule 15c3-1 be treated as if the exchange or conversion had been effected, i.e., at realizable values. For net capital purposes, any cash to be received or paid is credited or charged to net worth, respectively, in lieu of long or short market values

What is the deduction for a failure to deliver on a \$10 million dollar transaction, in the case of a domestic non-marketable security where the broker-dealer has failed to deliver for 20 business days as agreed to with the counterparty?

* 10 points

5000000

Is a broker-dealer considered a "market maker" when entering an inter-dealer quotation service with either "OW - BW" or its name, "OFFER WANTED" or "BID WANTED".

* 20 points

☒ YES

☐ NO

Is a broker-dealer considered a "market maker" if it furnishes bona fide competitive quotations on request.

* 20 points

☒ YES

☐ NO

What is the minimum capital required to maintain the status of a "dealer" *

20 points

100000

What is the minimum capital required in order for a broker or dealer to effect a riskless principal transaction?

* 30 points

5000

An OTC derivatives dealer shall at all times maintain tentative net capital of not less than: *

50 points

100000000

In the case of any short term Certificate of Deposit, what is the haircut for a broker-dealer to custody \$50 million in debenture that matures in less than 30 days.

* 30 points

0

How much capital is required for a broker-dealer to hold a \$10 million short position in a thirty year note that issued by a reputable company at par with a 5% fixed coupon.

* 50 points

90000

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What is the capital requirement for a Broker-Dealer to custody \$10 million Farm Credit Bank Securities that mature in less than three months?

★ 20 points

Round your answer to the nearest dollar.

0

What is the capital requirement for a Broker-Dealer to custody \$10 million New York State General Obligation Bonds that mature in July of 2030. The bonds pay a 5% coupon and were issued at par.

★ 10 points

Round your answer to the nearest dollar.

0

What is the capital requirement for a Broker-Dealer to custody \$10 million Corporate Debt Instruments which are not traded flat (or in default) as to principal or interest, which have only a minimal amount of credit risk, a 7% coupon and mature in July of 2028?

10 points

0

What is bona fide arbitrage

5 points

0

What is the deduction for a failure to deliver on a \$10 million dollar transaction, in the case of a domestic non-marketable security where the broker-dealer has failed to deliver for 20 business days as agreed to with the counterparty?

* 10 points

0

Is a broker-dealer considered a "market maker" when entering an inter-dealer quotation service with either "OW - BW" or its name, "OFFER WANTED" or "BID WANTED".

* 20 points

☒ YES

☐ NO

Is a broker-dealer considered a "market maker" if it furnishes bona fide competitive quotations on request.

* 20 points

☒ YES

☐ NO

What is the minimum capital required to maintain the status of a "dealer" *

20 points

0

What is the minimum capital required in order for a broker or dealer to effect a riskless principal transaction?

* 30 points

0

An OTC derivatives dealer shall at all times maintain tentative net capital of not less than: *

50 points

0

In the case of any short term Certificate of Deposit, what is the haircut for a broker-dealer to custody \$50 million in debenture that matures in less than 30 days.

* 30 points

0

How much capital is required for a broker-dealer to hold a \$10 million short position in a thirty year note that issued by a reputable company at par with a 5% fixed coupon.

* 50 points

0

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What is the capital requirement for a Broker-Dealer to custody \$10 million Farm Credit Bank Securities that mature in less than three months?

★ 20 points

Round your answer to the nearest dollar.

0

What is the capital requirement for a Broker-Dealer to custody \$10 million New York State General Obligation Bonds that mature in July of 2030. The bonds pay a 5% coupon and were issued at par.

★ 10 points

Round your answer to the nearest dollar.

550 000

What is the capital requirement for a Broker-Dealer to custody \$10 million Corporate Debt Instruments which are not traded flat (or in default) as to principal or interest, which have only a minimal amount of credit risk, a 7% coupon and mature in July of 2028?

10 points

700 000

What is bona fide arbitrage

5 points

a bona fide arbitrage exist exists where essentially contemporaneous short sales and purchases are effected to capture the spread resulting from a current differential in pricing

What is the deduction for a failure to deliver on a \$10 million dollar transaction, in the case of a domestic non-marketable security where the broker-dealer has failed to deliver for 20 business days as agreed to with the counterparty?

★ 10 points

5MM

Is a broker-dealer considered a "market maker" when entering an inter-dealer quotation service with either "OW - BW" or its name, "OFFER WANTED" or "BID WANTED".

★ 20 points

☒ YES

☐ NO

Is a broker-dealer considered a "market maker" if it furnishes bona fide competitive quotations on request.

★ 20 points

☒ YES

☐ NO

What is the minimum capital required to maintain the status of a "dealer" ★

20 points

100000

What is the minimum capital required in order for a broker or dealer to effect a riskless principal transaction?

★ 30 points

5000

An OTC derivatives dealer shall at all times maintain tentative net capital of not less than: *

50 points

100 000 000

In the case of any short term Certificate of Deposit, what is the haircut for a broker-dealer to custody \$50 million in debenture that matures in less than 30 days.

* 30 points

0

How much capital is required for a broker-dealer to hold a \$10 million short position in a thirty year note that issued by a reputable company at par with a 5% fixed coupon. *

50 points

500 000

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What is the capital requirement for a Broker-Dealer to custody \$10 million Farm Credit Bank Securities that mature in less than three months?

★ 20 points

Round your answer to the nearest dollar.

0

What is the capital requirement for a Broker-Dealer to custody \$10 million New York State General Obligation Bonds that mature in July of 2030. The bonds pay a 5% coupon and were issued at par.

★ 10 points

Round your answer to the nearest dollar.

550000

What is the capital requirement for a Broker-Dealer to custody \$10 million Corporate Debt Instruments which are not traded flat (or in default) as to principal or interest, which have only a minimal amount of credit risk, a 7% coupon and mature in July of 2028?

10 points

700000

What is bona fide arbitrage

5 points

Bona fide arbitrage is the practice of exploiting price differences in different markets for profit.

What is the deduction for a failure to deliver on a \$10 million dollar transaction, in the case of a domestic non-marketable security where the broker-dealer has failed to deliver for 20 business days as agreed to with the counterparty?

* 10 points

5000000

Is a broker-dealer considered a "market maker" when entering an inter-dealer quotation service with either "OW - BW" or its name, "OFFER WANTED" or "BID WANTED".

* 20 points

☒ YES

☐ NO

Is a broker-dealer considered a "market maker" if it furnishes bona fide competitive quotations on request.

* 20 points

☒ YES

☐ NO

What is the minimum capital required to maintain the status of a "dealer" *

20 points

100000

What is the minimum capital required in order for a broker or dealer to effect a riskless principal transaction?

* 30 points

5000

An OTC derivatives dealer shall at all times maintain tentative net capital of not less than: *

50 points

100000000

In the case of any short term Certificate of Deposit, what is the haircut for a broker-dealer to custody \$50 million in debenture that matures in less than 30 days.

* 30 points

0

How much capital is required for a broker-dealer to hold a \$10 million short position in a thirty year note that issued by a reputable company at par with a 5% fixed coupon. *

50 points

900000

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What is the capital requirement for a Broker-Dealer to custody \$10 million Farm Credit Bank Securities that mature in less than three months?

★ 20 points

Round your answer to the nearest dollar.

0

What is the capital requirement for a Broker-Dealer to custody \$10 million New York State General Obligation Bonds that mature in July of 2030. The bonds pay a 5% coupon and were issued at par.

★ 10 points

Round your answer to the nearest dollar.

550000

What is the capital requirement for a Broker-Dealer to custody \$10 million Corporate Debt Instruments which are not traded flat (or in default) as to principal or interest, which have only a minimal amount of credit risk, a 7% coupon and mature in July of 2028?

10 points

70,000

What is bona fide arbitrage

5 points

A bona fide arbitrage exists when a long security is convertible into or exchangeable for a short security, subject to the conditions stated in this subparagraph (J) text, and may, in lieu of the treatment prescribed in other sections of SEA Rule 15c3-1 be treated as if the exchange or conversion had been effected, i.e., at realizable values.

What is the deduction for a failure to deliver on a \$10 million dollar transaction, in the case of a domestic non-marketable security where the broker-dealer has failed to deliver for 20 business days as agreed to with the counterparty?

* 10 points

\$5,000,000

Is a broker-dealer considered a "market maker" when entering an inter-dealer quotation service with either "OW - BW" or its name, "OFFER WANTED" or "BID WANTED".

* 20 points

☒ YES

☐ NO

Is a broker-dealer considered a "market maker" if it furnishes bona fide competitive quotations on request.

* 20 points

☒ YES

☐ NO

What is the minimum capital required to maintain the status of a "dealer" *

20 points

\$100,000

What is the minimum capital required in order for a broker or dealer to effect a riskless principal transaction?

* 30 points

\$5000.00

An OTC derivatives dealer shall at all times maintain tentative net capital of not less than: *

50 points

\$100,000,000

In the case of any short term Certificate of Deposit, what is the haircut for a broker-dealer to custody \$50 million in debenture that matures in less than 30 days.

* 30 points

0

How much capital is required for a broker-dealer to hold a \$10 million short position in a thirty year note that issued by a reputable company at par with a 5% fixed coupon.

* 50 points

90000

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