

Custody: Class Discussion

We will be going over this in class on Friday, followed by another open book Exam

The respondent's email (bdincer66@icloud.com) was recorded on submission of this form.

MINIMUM BALANCE SHEET REQUIREMENTS (Clearing)

https://www.finra.org/sites/default/files/SEA.Rule_.15c3-1.Interpretations.pdf

A dealer shall maintain net capital of not less than ____ For the purposes of this section, the term * 25 points "dealer" includes:

(A) any broker or dealer that endorses or writes options otherwise than on a registered national securities exchange or a facility of a registered national securities association... (page 23)

- 100000
- 250000
- 5000
- 10000

(c)(2) DEFINITIONS; NET CAPITAL (continued)

(vii) NON-MARKETABLE SECURITIES

What is the deduction for non-marketable securities?

- 100%
- 50%
- 25%
- 10%

pp562-563

* 25 points

/10 Marketability of Nonconvertible Debt Securities Which Are Not Highly Rated

The SEC Division of Market Regulation will not recommend enforcement action if.

1. The broker-dealer shall deduct from its net worth the following percentages applied to the greater of the gross long or the gross short market value of noninvestment grade, nonconvertible debt securities' positions in each of the categories specified below:

- 15% for an initial issuance of at least \$100 million
- 20% for an initial issuance of at least \$75 million
- 25% for an initial issuance of at least \$50 million but < \$75 million
- 50% for an initial issuance of at least \$20 million but < \$50 million
- 100% if less than \$20 million or held in inventory for more than 90 days

Firms who introduce their accounts on a fully disclosed basis and wish to maintain their minimum Net Capital requirement pursuant to this paragraph (a)(2)(iv), must meet the following requirement(s):

1. The introducing firm must maintain a written clearing agreement (signed by the clearing broker-dealer) which states that for purposes of SIPA and SEA Rules 15c3-3, and 15c3-1, the customers are customers of the clearing firm and not the introducing firm;
2. The clearing firm must issue all account statements directly to customers.
3. Account statements must disclose the fact that all customer funds and/or securities are located at the clearing broker-dealer.
4. Account statements must provide a contact person or department at the clearing firm who can address customer inquiries regarding their account(s).

- All of the above.
- Items 1 and 4
- Items 1 and 3
- Items 1 though three only.

A broker or dealer shall maintain net capital of not less than _____ if it introduces transactions and accounts of customers or other brokers or dealers to another registered broker or dealer

* 25 points

- 50000
- 250000
- 5000
- 100000
- Other: _____

A broker or dealer that does not receive, directly or indirectly, or hold funds or securities for, or owe funds or securities to, customers and does not carry accounts of, or for, customers and does not engage in any of the activities described in paragraphs (a)(2)(i) through (v) of this section shall maintain net capital of not less than \$5,000.

* 25 points

This is characteristic of firm's who can also be referred to as the following:.

- mushroom shop
- nickel BD
- registered broker.
- registered dealer.
- Other: _____

A broker who only clears riskless principal transactions in order to effect customer trades may be subject to a \$5,000 minimum requirement, however these transactions are made on a fully disclosed basis.

* 25 points

Please explain how you would maintain compliance with respect to disclosure.

By following the instructions as promulgated by the regulators.

A broker or dealer engaged in activities as a market maker as defined in paragraph (c)(8) of this section (p.51) shall maintain net capital in an amount not less than _____ for each security in which it makes a market in securities that have a value greater than \$5.

* 25 points

- 2500
- 1
- 5
- 30

A broker or dealer engaged in activities as a market maker as defined in paragraph (c)(8) of this section (p.51) shall maintain a net capital balance of no less than _____ if it makes a market in 10000 securities that have a value of \$5 or less.

* 25 points

- 25,000,000
- 10,000,000
- 1,000,000
- 5,0000
- Other: _____

Are accrued interest receivables for municipal bonds with scheduled coupon payable dates included as an allowable asset for Broker Dealers

* 25 points

- Yes
- No

/09 Haircut Deductions on Inventory Positions Denominated in a Foreign Currency

/10 Securities Deposited by U.S. Subsidiaries with Foreign Parent

Other: _____

What impact do the securities that are not included in Appendix A, § 240.15c3-1 (not included in any of the percentage categories enumerated) have on net capital requirements? * 25 points

Review page 501

DEFINITIONS; NET CAPITAL(J) ALL OTHER SECURITIES

Where are the funds deposited by a broker or dealer at its custodian held? * 25 points

In escrow

As a fidelity bond

As a treasury note

Cash

Other: _____

Does a custodian permit for its client (a broker dealer) an extension on the rule "Failure To Deliver"?

Yes

No

Which of the following defines "Aggregate Indebtedness"?

* 25 points

- i. The term "aggregate indebtedness" shall be deemed to mean the total money liabilities of a broker or dealer arising in connection with any transaction whatsoever
- ii. money borrowed, money payable against securities loaned and securities "failed to receive", the market value of securities borrowed to the extent to which no equivalent value is paid or credited (other than the market value of margin securities borrowed from customers in accordance with the provisions of 17 CFR 240.15c3-3
- iii. margin securities borrowed from non-customers
- iv. customers' and non-customers' free credit balances, credit balances in customers' and non-customers' accounts having short positions in securities
- v. equities in customers' and non-customers' future commodities accounts
- vi. credit balances in customers' and non-customers' commodities accounts
- vii. Accrued interest payable to subordinated lenders.
- viii. liabilities relating to securities sold to a customer on a COD basis which have not yet been delivered
- ix. liabilities relating to securities sold to a customer on a COD basis which have not yet been delivered by a broker-dealer using settlement date accounting.

All of the items above.

All items above other than accrued interest.

All of the items above other than guarantess.

Do automobiles qualify under Aggregate Indebtedness if they are acquired for use in the ordinary course of the trade or business of a broker or dealer" are those which generally are necessary for the conduct of a brokerage business.

* 25 points

- Yes
- No
- Maybe
- Other: _____

Define NET CAPITAL *

25 points

NA

SECURITIES HAIRCUTS *

25 points

- Review Page 401

SECURITIES HAIRCUTS *

25 points

Is a loss on a contractual commitment deducted in arriving at "net worth"

- Yes
- No

Is the accrued interest on proprietary positions subject to haircuts. *

25 points

- Yes
- No

This form was created inside of SMB Capital.

Google Forms

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- 50000
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Please explain how you would maintain compliance with respect to disclosure.

Snnsn

A broker or dealer engaged in activities as a market maker as defined in paragraph (c)(8) of this section (p.51) shall maintain net capital in an amount not less than _____ for each security in which it makes a market in securities that have a value greater than \$5.

* 25 points

- 2500
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- 5
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- 10,000,000
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- 5,0000
- Other: _____

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Other: _____

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DEFINITIONS; NET CAPITAL(J) ALL OTHER SECURITIES

Where are the funds deposited by a broker or dealer at its custodian held? * 25 points

In escrow

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Cash

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Yes

No

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* 25 points

Yes

No

Maybe

Other: _____

Define NET CAPITAL *

25 points

0283

SECURITIES HAIRCUTS *

25 points

Review Page 401

SECURITIES HAIRCUTS *

*

25 points

Is a loss on a contractual commitment deducted in arriving at "net worth"

Yes

No

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25 points

Yes

No

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registered broker.

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* 25 points

Please explain how you would maintain compliance with respect to disclosure.

test

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- 1
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- 30

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- 25,000,000
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- 5,0000
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* 25 points

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- No

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Other: _____

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DEFINITIONS; NET CAPITAL(J) ALL OTHER SECURITIES

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Yes

No

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* 25 points

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* 25 points

Yes

No

Maybe

Other: _____

Define NET CAPITAL *

25 points

test

SECURITIES HAIRCUTS *

25 points

Review Page 401

SECURITIES HAIRCUTS *

*

25 points

Is a loss on a contractual commitment deducted in arriving at "net worth"

Yes

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25 points

Yes

No

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Google Forms

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(c)(2) DEFINITIONS; NET CAPITAL (continued)

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- Items 1 though three only.

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* 25 points

- 50000
- 250000
- 5000
- 100000
- Other: _____

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- Other: _____

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Please explain how you would maintain compliance with respect to disclosure.

If a broker only clears riskless principal transactions on a fully disclosed basis, they may be subject to a minimum net capital requirement of \$5,000 under Rule 15c3-1(a)(2)(vi) of the Securities Exchange Act of 1934. In order to maintain compliance with respect to disclosure, the broker must ensure that their customers are fully informed about the nature of their clearing operations and the fact that they are not carrying any customer accounts. To do this, the broker should provide their customers with written disclosure statements that explain the nature of the riskless principal transactions and the fact that the broker is acting only as a clearing firm and not as a dealer. The disclosure statement should also explain the relationship between the broker and the executing dealer, and the fact that the executing dealer is responsible for the execution and settlement of the transactions. Additionally, the broker should ensure that their customers receive all required statements and confirmations from the executing dealer, and that these statements clearly identify the executing dealer as the broker-dealer responsible for the execution and settlement of the transactions. This will help to ensure that customers understand the roles and responsibilities of the different parties involved in the transaction. Overall, the key to maintaining compliance with respect to disclosure is to ensure that customers are fully informed about the nature of the transactions and the roles and responsibilities of the different parties involved. This can be achieved through clear and concise written disclosure statements and the timely delivery of required statements and confirmations.

A broker or dealer engaged in activities as a market maker as defined in paragraph (c)(8) of this section (p.51) shall maintain net capital in an amount not less than _____ for each security in which it makes a market in securities that have a value greater than \$5. * 25 points

- 2500
- 1
- 5
- 30

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25,000,000

10,000,000

1,000,000

5,0000

Other: _____

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Yes

No

Review Page 407 * 25 points

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25 points

- In escrow
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- As a treasury note
- Cash
- Other: _____

p.82 Fail to Deliver Extensions

* 25 points

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- Yes
- No

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* 25 points

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* 25 points

- Yes
- No
- Maybe
- Other: _____

Define NET CAPITAL *

25 points

Net capital is a regulatory requirement that refers to the amount of a broker-dealer's total liquid assets that exceed its total liabilities. It is a measure of a broker-dealer's ability to meet its financial obligations to its customers and counterparties, and is designed to ensure that broker-dealers have sufficient resources to operate in a safe and sound manner. The net capital requirement is established by the Securities and Exchange Commission (SEC) under Rule 15c3-1 of the Securities Exchange Act of 1934, and requires broker-dealers to maintain a minimum level of net capital based on the nature of their activities and the risks associated with those activities. The net capital requirement is calculated by subtracting a broker-dealer's total liabilities from its total liquid assets, which include cash, cash equivalents, and certain securities that are readily marketable and have a low risk of price volatility. The purpose of the net capital requirement is to ensure that broker-dealers have sufficient financial resources to operate in a safe and sound manner and to protect customers in the event of a broker-dealer's insolvency. In addition to the minimum net capital requirement, broker-dealers are subject to various other regulatory requirements, including record-keeping and reporting obligations, customer protection rules, and risk management requirements.

SECURITIES HAIRCUTS *

25 points

- Review Page 401

Is a loss on a contractual commitment deducted in arriving at "net worth"

Yes

No

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25 points

Yes

No

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/10 Marketability of Nonconvertible Debt Securities Which Are Not Highly Rated

The SEC Division of Market Regulation will not recommend enforcement action if.

1. The broker-dealer shall deduct from its net worth the following percentages applied to the greater of the gross long or the gross short market value of noninvestment grade, nonconvertible debt securities' positions in each of the categories specified below:

- 15% for an initial issuance of at least \$100 million
- 20% for an initial issuance of at least \$75 million
- 25% for an initial issuance of at least \$50 million but < \$75 million
- 50% for an initial issuance of at least \$20 million but < \$50 million
- 100% if less than \$20 million or held in inventory for more than 90 days

Firms who introduce their accounts on a fully disclosed basis and wish to maintain their minimum Net Capital requirement pursuant to this paragraph (a)(2)(iv), must meet the following requirement(s):

1. The introducing firm must maintain a written clearing agreement (signed by the clearing broker-dealer) which states that for purposes of SIPA and SEA Rules 15c3-3, and 15c3-1, the customers are customers of the clearing firm and not the introducing firm;
2. The clearing firm must issue all account statements directly to customers.
3. Account statements must disclose the fact that all customer funds and/or securities are located at the clearing broker-dealer.
4. Account statements must provide a contact person or department at the clearing firm who can address customer inquiries regarding their account(s).

- All of the above.
- Items 1 and 4
- Items 1 and 3
- Items 1 though three only.

A broker or dealer shall maintain net capital of not less than _____ if it introduces transactions and accounts of customers or other brokers or dealers to another registered broker or dealer

* 25 points

- 50000
- 250000
- 5000
- 100000
- Other: _____

A broker or dealer that does not receive, directly or indirectly, or hold funds or securities for, or owe funds or securities to, customers and does not carry accounts of, or for, customers and does not engage in any of the activities described in paragraphs (a)(2)(i) through (v) of this section shall maintain net capital of not less than \$5,000.

* 25 points

This is characteristic of firm's who can also be referred to as the following:.

- mushroom shop
- nickel BD
- registered broker.
- registered dealer.
- Other: _____

A broker who only clears riskless principal transactions in order to effect customer trades may be subject to a \$5,000 minimum requirement, however these transactions are made on a fully disclosed basis. * 25 points

Please explain how you would maintain compliance with respect to disclosure.

it is important to maintain compliance with respect to disclosure by providing full and accurate disclosure of all relevant information to customers.

A broker or dealer engaged in activities as a market maker as defined in paragraph (c)(8) of this section (p.51) shall maintain net capital in an amount not less than _____ for each security in which it makes a market in securities that have a value greater than \$5. * 25 points

- 2500
- 1
- 5
- 30

A broker or dealer engaged in activities as a market maker as defined in paragraph (c)(8) of this section (p.51) shall maintain a net capital balance of no less than _____ if it makes a market in 10000 securities that have a value of \$5 or less. * 25 points

- 25,000,000
- 10,000,000
- 1,000,000
- 5,0000
- Other: _____

Are accrued interest receivables for municipal bonds with scheduled coupon payable dates included as an allowable asset for Broker Dealers

* 25 points

Yes

No

Review Page 407 *

25 points

/09 Haircut Deductions on Inventory Positions Denominated in a Foreign Currency

/10 Securities Deposited by U.S. Subsidiaries with Foreign Parent

Other: _____

What impact do the securities that are not included in Appendix A, § 240.15c3-1 (not included in any of the percentage categories enumerated) have on net capital requirements?

* 25 points

Review page 501

DEFINITIONS; NET CAPITAL(J) ALL OTHER SECURITIES

Where are the funds deposited by a broker or dealer at its custodian held? *

25 points

- In escrow
- As a fidelity bond
- As a treasury note
- Cash
- Other: _____

p.82 Fail to Deliver Extensions

* 25 points

Does a custodian permit for its client (a broker dealer) an extension on the rule "Failure To Deliver"?

- Yes
- No

Which of the following defines "Aggregate Indebtedness"?

* 25 points

- i. The term "aggregate indebtedness" shall be deemed to mean the total money liabilities of a broker or dealer arising in connection with any transaction whatsoever
- ii. money borrowed, money payable against securities loaned and securities "failed to receive", the market value of securities borrowed to the extent to which no equivalent value is paid or credited (other than the market value of margin securities borrowed from customers in accordance with the provisions of 17 CFR 240.15c3-3
- iii. margin securities borrowed from non-customers
- iv. customers' and non-customers' free credit balances, credit balances in customers' and non-customers' accounts having short positions in securities
- v. equities in customers' and non-customers' future commodities accounts
- vi. credit balances in customers' and non-customers' commodities accounts
- vii. Accrued interest payable to subordinated lenders.
- viii. liabilities relating to securities sold to a customer on a COD basis which have not yet been delivered
- ix. liabilities relating to securities sold to a customer on a COD basis which have not yet been delivered by a broker-dealer using settlement date accounting.

All of the items above.

All items above other than accrued interest.

All of the items above other than guarantess.

Do automobiles qualify under Aggregate Indebtedness if they are acquired for use in the ordinary course of the trade or business of a broker or dealer" are those which generally are necessary for the conduct of a brokerage business.

* 25 points

- Yes
- No
- Maybe
- Other: _____

Define NET CAPITAL *

25 points

Net capital refers to the amount of capital or funds that a company has after subtracting its liabilities from its assets. It represents the net worth or equity of the company and indicates how much of its assets are owned outright by the company's shareholders or owners. In other words, net capital is the amount of money that would be left over if a company sold all of its assets and paid off all of its debts. It is an important measure of a company's financial health and stability, as it reflects the ability of the company to meet its financial obligations and invest in future growth.

SECURITIES HAIRCUTS *

25 points

- Review Page 401

SECURITIES HAIRCUTS *

25 points

Is a loss on a contractual commitment deducted in arriving at "net worth"

- Yes
- No

Is the accrued interest on proprietary positions subject to haircuts. *

25 points

- Yes
- No

This form was created inside of SMB Capital.

Google Forms

Custody: Class Discussion

We will be going over this in class on Friday, followed by another open book Exam

The respondent's email (gregoire.bezier@epitech.eu) was recorded on submission of this form.

MINIMUM BALANCE SHEET REQUIREMENTS (Clearing)

https://www.finra.org/sites/default/files/SEA.Rule_.15c3-1.Interpretations.pdf

A dealer shall maintain net capital of not less than ____ For the purposes of this section, the term "dealer" includes: * 25 points

(A) any broker or dealer that endorses or writes options otherwise than on a registered national securities exchange or a facility of a registered national securities association... (page 23)

- 100000
- 250000
- 5000
- 10000

(c)(2) DEFINITIONS; NET CAPITAL (continued)

(vii) NON-MARKETABLE SECURITIES

What is the deduction for non-marketable securities?

- 100%
- 50%
- 25%
- 10%

pp562-563

* 25 points

/10 Marketability of Nonconvertible Debt Securities Which Are Not Highly Rated

The SEC Division of Market Regulation will not recommend enforcement action if.

1. The broker-dealer shall deduct from its net worth the following percentages applied to the greater of the gross long or the gross short market value of noninvestment grade, nonconvertible debt securities' positions in each of the categories specified below:

- 15% for an initial issuance of at least \$100 million
- 20% for an initial issuance of at least \$75 million
- 25% for an initial issuance of at least \$50 million but < \$75 million
- 50% for an initial issuance of at least \$20 million but < \$50 million
- 100% if less than \$20 million or held in inventory for more than 90 days

Firms who introduce their accounts on a fully disclosed basis and wish to maintain their minimum Net Capital requirement pursuant to this paragraph (a)(2)(iv), must meet the following requirement(s):

1. The introducing firm must maintain a written clearing agreement (signed by the clearing broker-dealer) which states that for purposes of SIPA and SEA Rules 15c3-3, and 15c3-1, the customers are customers of the clearing firm and not the introducing firm;
2. The clearing firm must issue all account statements directly to customers.
3. Account statements must disclose the fact that all customer funds and/or securities are located at the clearing broker-dealer.
4. Account statements must provide a contact person or department at the clearing firm who can address customer inquiries regarding their account(s).

- All of the above.
- Items 1 and 4
- Items 1 and 3
- Items 1 though three only.

A broker or dealer shall maintain net capital of not less than _____ if it introduces transactions and accounts of customers or other brokers or dealers to another registered broker or dealer

* 25 points

50000

250000

5000

100000

Other: _____

A broker or dealer that does not receive, directly or indirectly, or hold funds or securities for, or owe funds or securities to, customers and does not carry accounts of, or for, customers and does not engage in any of the activities described in paragraphs (a)(2)(i) through (v) of this section shall maintain net capital of not less than \$5,000.

* 25 points

This is characteristic of firm's who can also be referred to as the following:.

mushroom shop

nickel BD

registered broker.

registered dealer.

Other: _____

A broker who only clears riskless principal transactions in order to effect customer trades may be subject to a \$5,000 minimum requirement, however these transactions are made on a fully disclosed basis. * 25 points

Please explain how you would maintain compliance with respect to disclosure.

As per the statement, the broker who only clears riskless principal transactions in order to effect customer trades may be subject to a \$5,000 minimum requirement and these transactions are made on a fully disclosed basis. This means that the broker is required to disclose all relevant information about the transactions to the customers, including the fees and charges associated with the trades. To maintain compliance with respect to disclosure, the broker should ensure that all the relevant information about the trades is disclosed to the customers in a clear and concise manner. This may involve providing written disclosures, such as a disclosure document or a customer agreement, that outlines the terms and conditions of the transactions, including any fees or charges associated with the trades.

A broker or dealer engaged in activities as a market maker as defined in paragraph (c)(8) of this section (p.51) shall maintain net capital in an amount not less than _____ for each security in which it makes a market in securities that have a value greater than \$5. * 25 points

- 2500
- 1
- 5
- 30

A broker or dealer engaged in activities as a market maker as defined in paragraph (c)(8) of this section (p.51) shall maintain a net capital balance of no less than _____ if it makes a market in 10000 securities that have a value of \$5 or less. * 25 points

- 25,000,000
- 10,000,000
- 1,000,000
- 5,0000
- Other: _____

Are accrued interest receivables for municipal bonds with scheduled coupon payable dates included as an allowable asset for Broker Dealers

* 25 points

Yes

No

Review Page 407 *

25 points

/09 Haircut Deductions on Inventory Positions Denominated in a Foreign Currency

/10 Securities Deposited by U.S. Subsidiaries with Foreign Parent

Other: _____

What impact do the securities that are not included in Appendix A, § 240.15c3-1 (not included in any of the percentage categories enumerated) have on net capital requirements?

* 25 points

Review page 501

DEFINITIONS; NET CAPITAL(J) ALL OTHER SECURITIES

Where are the funds deposited by a broker or dealer at its custodian held? *

25 points

- In escrow
- As a fidelity bond
- As a treasury note
- Cash
- Other: _____

p.82 Fail to Deliver Extensions

* 25 points

Does a custodian permit for its client (a broker dealer) an extension on the rule "Failure To Deliver"?

- Yes
- No

Which of the following defines "Aggregate Indebtedness"?

* 25 points

- i. The term "aggregate indebtedness" shall be deemed to mean the total money liabilities of a broker or dealer arising in connection with any transaction whatsoever
- ii. money borrowed, money payable against securities loaned and securities "failed to receive", the market value of securities borrowed to the extent to which no equivalent value is paid or credited (other than the market value of margin securities borrowed from customers in accordance with the provisions of 17 CFR 240.15c3-3
- iii. margin securities borrowed from non-customers
- iv. customers' and non-customers' free credit balances, credit balances in customers' and non-customers' accounts having short positions in securities
- v. equities in customers' and non-customers' future commodities accounts
- vi. credit balances in customers' and non-customers' commodities accounts
- vii. Accrued interest payable to subordinated lenders.
- viii. liabilities relating to securities sold to a customer on a COD basis which have not yet been delivered
- ix. liabilities relating to securities sold to a customer on a COD basis which have not yet been delivered by a broker-dealer using settlement date accounting.

- All of the items above.
- All items above other than accrued interest.
- All of the items above other than guarantess.

Do automobiles qualify under Aggregate Indebtedness if they are acquired for use in the ordinary course of the trade or business of a broker or dealer" are those which generally are necessary for the conduct of a brokerage business.

* 25 points

- Yes
- No
- Maybe
- Other: _____

Define NET CAPITAL *

25 points

Net capital is a regulatory term used to describe the amount of capital that a broker-dealer has available to meet its obligations to customers and counterparties, after deducting certain allowable deductions and charges.

SECURITIES HAIRCUTS *

25 points

- Review Page 401

SECURITIES HAIRCUTS *

25 points

Is a loss on a contractual commitment deducted in arriving at "net worth"

- Yes
- No

Is the accrued interest on proprietary positions subject to haircuts. *

25 points

- Yes
- No

This form was created inside of SMB Capital.

Google Forms

Custody: Class Discussion

We will be going over this in class on Friday, followed by another open book Exam

The respondent's email (jb.roesch67@gmail.com) was recorded on submission of this form.

MINIMUM BALANCE SHEET REQUIREMENTS (Clearing)

https://www.finra.org/sites/default/files/SEA.Rule_.15c3-1.Interpretations.pdf

A dealer shall maintain net capital of not less than ____ For the purposes of this section, the term "dealer" includes: * 25 points

(A) any broker or dealer that endorses or writes options otherwise than on a registered national securities exchange or a facility of a registered national securities association... (page 23)

- 100000
- 250000
- 5000
- 10000

(c)(2) DEFINITIONS; NET CAPITAL (continued)

(vii) NON-MARKETABLE SECURITIES

What is the deduction for non-marketable securities?

- 100%
- 50%
- 25%
- 10%

pp562-563

* 25 points

/10 Marketability of Nonconvertible Debt Securities Which Are Not Highly Rated

The SEC Division of Market Regulation will not recommend enforcement action if.

1. The broker-dealer shall deduct from its net worth the following percentages applied to the greater of the gross long or the gross short market value of noninvestment grade, nonconvertible debt securities' positions in each of the categories specified below:

- 15% for an initial issuance of at least \$100 million
- 20% for an initial issuance of at least \$75 million
- 25% for an initial issuance of at least \$50 million but < \$75 million
- 50% for an initial issuance of at least \$20 million but < \$50 million
- 100% if less than \$20 million or held in inventory for more than 90 days

Firms who introduce their accounts on a fully disclosed basis and wish to maintain their minimum Net Capital requirement pursuant to this paragraph (a)(2)(iv), must meet the following requirement(s):

1. The introducing firm must maintain a written clearing agreement (signed by the clearing broker-dealer) which states that for purposes of SIPA and SEA Rules 15c3-3, and 15c3-1, the customers are customers of the clearing firm and not the introducing firm;
2. The clearing firm must issue all account statements directly to customers.
3. Account statements must disclose the fact that all customer funds and/or securities are located at the clearing broker-dealer.
4. Account statements must provide a contact person or department at the clearing firm who can address customer inquiries regarding their account(s).

- All of the above.
- Items 1 and 4
- Items 1 and 3
- Items 1 though three only.

A broker or dealer shall maintain net capital of not less than _____ if it introduces transactions and accounts of customers or other brokers or dealers to another registered broker or dealer

* 25 points

50000

250000

5000

100000

Other: _____

A broker or dealer that does not receive, directly or indirectly, or hold funds or securities for, or owe funds or securities to, customers and does not carry accounts of, or for, customers and does not engage in any of the activities described in paragraphs (a)(2)(i) through (v) of this section shall maintain net capital of not less than \$5,000.

* 25 points

This is characteristic of firm's who can also be referred to as the following:.

mushroom shop

nickel BD

registered broker.

registered dealer.

Other: _____

A broker who only clears riskless principal transactions in order to effect customer trades may be subject to a \$5,000 minimum requirement, however these transactions are made on a fully disclosed basis.

* 25 points

Please explain how you would maintain compliance with respect to disclosure.

I would just follow the guidelines

A broker or dealer engaged in activities as a market maker as defined in paragraph (c)(8) of this section (p.51) shall maintain net capital in an amount not less than _____ for each security in which it makes a market in securities that have a value greater than \$5.

* 25 points

- 2500
- 1
- 5
- 30

A broker or dealer engaged in activities as a market maker as defined in paragraph (c)(8) of this section (p.51) shall maintain a net capital balance of no less than _____ if it makes a market in 10000 securities that have a value of \$5 or less.

* 25 points

- 25,000,000
- 10,000,000
- 1,000,000
- 5,0000
- Other: _____

Are accrued interest receivables for municipal bonds with scheduled coupon payable dates included as an allowable asset for Broker Dealers

* 25 points

- Yes
- No

/09 Haircut Deductions on Inventory Positions Denominated in a Foreign Currency

/10 Securities Deposited by U.S. Subsidiaries with Foreign Parent

Other: _____

What impact do the securities that are not included in Appendix A, § 240.15c3-1 (not included in any of the percentage categories enumerated) have on net capital requirements? * 25 points

Review page 501

DEFINITIONS; NET CAPITAL(J) ALL OTHER SECURITIES

Where are the funds deposited by a broker or dealer at its custodian held? * 25 points

In escrow

As a fidelity bond

As a treasury note

Cash

Other: _____

Does a custodian permit for its client (a broker dealer) an extension on the rule "Failure To Deliver"?

Yes

No

Which of the following defines "Aggregate Indebtedness"?

* 25 points

- i. The term "aggregate indebtedness" shall be deemed to mean the total money liabilities of a broker or dealer arising in connection with any transaction whatsoever
- ii. money borrowed, money payable against securities loaned and securities "failed to receive", the market value of securities borrowed to the extent to which no equivalent value is paid or credited (other than the market value of margin securities borrowed from customers in accordance with the provisions of 17 CFR 240.15c3-3
- iii. margin securities borrowed from non-customers
- iv. customers' and non-customers' free credit balances, credit balances in customers' and non-customers' accounts having short positions in securities
- v. equities in customers' and non-customers' future commodities accounts
- vi. credit balances in customers' and non-customers' commodities accounts
- vii. Accrued interest payable to subordinated lenders.
- viii. liabilities relating to securities sold to a customer on a COD basis which have not yet been delivered
- ix. liabilities relating to securities sold to a customer on a COD basis which have not yet been delivered by a broker-dealer using settlement date accounting.

- All of the items above.
- All items above other than accrued interest.
- All of the items above other than guarantess.

Do automobiles qualify under Aggregate Indebtedness if they are acquired for use in the ordinary course of the trade or business of a broker or dealer" are those which generally are necessary for the conduct of a brokerage business.

* 25 points

- Yes
- No
- Maybe
- Other: _____

Define NET CAPITAL *

25 points

Net capital refers to the difference between a company's total assets and total liabilities.

SECURITIES HAIRCUTS *

25 points

- Review Page 401

SECURITIES HAIRCUTS *

25 points

Is a loss on a contractual commitment deducted in arriving at "net worth"

- Yes
- No

Is the accrued interest on proprietary positions subject to haircuts. *

25 points

- Yes
- No

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Google Forms

Custody: Class Discussion

We will be going over this in class on Friday, followed by another open book Exam

The respondent's email (maxence.marques-pierre@epitech.eu) was recorded on submission of this form.

MINIMUM BALANCE SHEET REQUIREMENTS (Clearing)

https://www.finra.org/sites/default/files/SEA.Rule_.15c3-1.Interpretations.pdf

A dealer shall maintain net capital of not less than ____ For the purposes of this section, the term "dealer" includes: * 25 points

(A) any broker or dealer that endorses or writes options otherwise than on a registered national securities exchange or a facility of a registered national securities association... (page 23)

- 100000
- 250000
- 5000
- 10000

(c)(2) DEFINITIONS; NET CAPITAL (continued)

(vii) NON-MARKETABLE SECURITIES

What is the deduction for non-marketable securities?

- 100%
- 50%
- 25%
- 10%

pp562-563

* 25 points

/10 Marketability of Nonconvertible Debt Securities Which Are Not Highly Rated

The SEC Division of Market Regulation will not recommend enforcement action if.

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- 15% for an initial issuance of at least \$100 million
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- 25% for an initial issuance of at least \$50 million but < \$75 million
- 50% for an initial issuance of at least \$20 million but < \$50 million
- 100% if less than \$20 million or held in inventory for more than 90 days

Firms who introduce their accounts on a fully disclosed basis and wish to maintain their minimum Net Capital requirement pursuant to this paragraph (a)(2)(iv), must meet the following requirement(s):

1. The introducing firm must maintain a written clearing agreement (signed by the clearing broker-dealer) which states that for purposes of SIPA and SEA Rules 15c3-3, and 15c3-1, the customers are customers of the clearing firm and not the introducing firm;
2. The clearing firm must issue all account statements directly to customers.
3. Account statements must disclose the fact that all customer funds and/or securities are located at the clearing broker-dealer.
4. Account statements must provide a contact person or department at the clearing firm who can address customer inquiries regarding their account(s).

- All of the above.
- Items 1 and 4
- Items 1 and 3
- Items 1 though three only.

A broker or dealer shall maintain net capital of not less than _____ if it introduces transactions and accounts of customers or other brokers or dealers to another registered broker or dealer

* 25 points

50000

250000

5000

100000

Other: _____

A broker or dealer that does not receive, directly or indirectly, or hold funds or securities for, or owe funds or securities to, customers and does not carry accounts of, or for, customers and does not engage in any of the activities described in paragraphs (a)(2)(i) through (v) of this section shall maintain net capital of not less than \$5,000.

* 25 points

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nickel BD

registered broker.

registered dealer.

Other: _____

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* 25 points

Please explain how you would maintain compliance with respect to disclosure.

IDK

A broker or dealer engaged in activities as a market maker as defined in paragraph (c)(8) of this section (p.51) shall maintain net capital in an amount not less than _____ for each security in which it makes a market in securities that have a value greater than \$5.

* 25 points

- 2500
- 1
- 5
- 30

A broker or dealer engaged in activities as a market maker as defined in paragraph (c)(8) of this section (p.51) shall maintain a net capital balance of no less than _____ if it makes a market in 10000 securities that have a value of \$5 or less.

* 25 points

- 25,000,000
- 10,000,000
- 1,000,000
- 5,0000
- Other: _____

Are accrued interest receivables for municipal bonds with scheduled coupon payable dates included as an allowable asset for Broker Dealers

* 25 points

- Yes
- No

/09 Haircut Deductions on Inventory Positions Denominated in a Foreign Currency

/10 Securities Deposited by U.S. Subsidiaries with Foreign Parent

Other: _____

What impact do the securities that are not included in Appendix A, § 240.15c3-1 (not included in any of the percentage categories enumerated) have on net capital requirements? * 25 points

Review page 501

DEFINITIONS; NET CAPITAL(J) ALL OTHER SECURITIES

Where are the funds deposited by a broker or dealer at its custodian held? * 25 points

In escrow

As a fidelity bond

As a treasury note

Cash

Other: _____

Does a custodian permit for its client (a broker dealer) an extension on the rule "Failure To Deliver"?

Yes

No

Which of the following defines "Aggregate Indebtedness"?

* 25 points

- i. The term "aggregate indebtedness" shall be deemed to mean the total money liabilities of a broker or dealer arising in connection with any transaction whatsoever
- ii. money borrowed, money payable against securities loaned and securities "failed to receive", the market value of securities borrowed to the extent to which no equivalent value is paid or credited (other than the market value of margin securities borrowed from customers in accordance with the provisions of 17 CFR 240.15c3-3
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- vii. Accrued interest payable to subordinated lenders.
- viii. liabilities relating to securities sold to a customer on a COD basis which have not yet been delivered
- ix. liabilities relating to securities sold to a customer on a COD basis which have not yet been delivered by a broker-dealer using settlement date accounting.

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* 25 points

- Yes
- No
- Maybe
- Other: _____

Define NET CAPITAL *

25 points

iDK

SECURITIES HAIRCUTS *

25 points

- Review Page 401

SECURITIES HAIRCUTS *

25 points

Is a loss on a contractual commitment deducted in arriving at "net worth"

- Yes
- No

Is the accrued interest on proprietary positions subject to haircuts. *

25 points

- Yes
- No

This form was created inside of SMB Capital.

Google Forms

Custody: Class Discussion

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The respondent's email (damien.maillard@epitech.eu) was recorded on submission of this form.

MINIMUM BALANCE SHEET REQUIREMENTS (Clearing)

https://www.finra.org/sites/default/files/SEA.Rule_.15c3-1.Interpretations.pdf

A dealer shall maintain net capital of not less than ____ For the purposes of this section, the term "dealer" includes: * 25 points

(A) any broker or dealer that endorses or writes options otherwise than on a registered national securities exchange or a facility of a registered national securities association... (page 23)

- 100000
- 250000
- 5000
- 10000

(c)(2) DEFINITIONS; NET CAPITAL (continued)

(vii) NON-MARKETABLE SECURITIES

What is the deduction for non-marketable securities?

- 100%
- 50%
- 25%
- 10%

pp562-563

* 25 points

/10 Marketability of Nonconvertible Debt Securities Which Are Not Highly Rated

The SEC Division of Market Regulation will not recommend enforcement action if.

1. The broker-dealer shall deduct from its net worth the following percentages applied to the greater of the gross long or the gross short market value of noninvestment grade, nonconvertible debt securities' positions in each of the categories specified below:

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- 20% for an initial issuance of at least \$75 million
- 25% for an initial issuance of at least \$50 million but < \$75 million
- 50% for an initial issuance of at least \$20 million but < \$50 million
- 100% if less than \$20 million or held in inventory for more than 90 days

Firms who introduce their accounts on a fully disclosed basis and wish to maintain their minimum Net Capital requirement pursuant to this paragraph (a)(2)(iv), must meet the following requirement(s):

1. The introducing firm must maintain a written clearing agreement (signed by the clearing broker-dealer) which states that for purposes of SIPA and SEA Rules 15c3-3, and 15c3-1, the customers are customers of the clearing firm and not the introducing firm;
2. The clearing firm must issue all account statements directly to customers.
3. Account statements must disclose the fact that all customer funds and/or securities are located at the clearing broker-dealer.
4. Account statements must provide a contact person or department at the clearing firm who can address customer inquiries regarding their account(s).

- All of the above.
- Items 1 and 4
- Items 1 and 3
- Items 1 though three only.

A broker or dealer shall maintain net capital of not less than _____ if it introduces transactions and accounts of customers or other brokers or dealers to another registered broker or dealer

* 25 points

50000

250000

5000

100000

Other: _____

A broker or dealer that does not receive, directly or indirectly, or hold funds or securities for, or owe funds or securities to, customers and does not carry accounts of, or for, customers and does not engage in any of the activities described in paragraphs (a)(2)(i) through (v) of this section shall maintain net capital of not less than \$5,000.

* 25 points

This is characteristic of firm's who can also be referred to as the following:.

mushroom shop

nickel BD

registered broker.

registered dealer.

Other: _____

A broker who only clears riskless principal transactions in order to effect customer trades may be subject to a \$5,000 minimum requirement, however these transactions are made on a fully disclosed basis. * 25 points

Please explain how you would maintain compliance with respect to disclosure.

To maintain compliance with respect to disclosure when clearing riskless principal transactions on a fully disclosed basis, a broker should provide customers with a clear and concise disclosure document, explain the details of the transaction to the customer, obtain the customer's consent to the transaction, and maintain accurate and complete records of the transaction.

A broker or dealer engaged in activities as a market maker as defined in paragraph (c)(8) of this section (p.51) shall maintain net capital in an amount not less than _____ for each security in which it makes a market in securities that have a value greater than \$5. * 25 points

- 2500
- 1
- 5
- 30

A broker or dealer engaged in activities as a market maker as defined in paragraph (c)(8) of this section (p.51) shall maintain a net capital balance of no less than _____ if it makes a market in 10000 securities that have a value of \$5 or less. * 25 points

- 25,000,000
- 10,000,000
- 1,000,000
- 5,0000
- Other: _____

Are accrued interest receivables for municipal bonds with scheduled coupon payable dates included as an allowable asset for Broker Dealers

* 25 points

Yes

No

Review Page 407 *

25 points

/09 Haircut Deductions on Inventory Positions Denominated in a Foreign Currency

/10 Securities Deposited by U.S. Subsidiaries with Foreign Parent

Other: _____

What impact do the securities that are not included in Appendix A, § 240.15c3-1 (not included in any of the percentage categories enumerated) have on net capital requirements?

* 25 points

Review page 501

DEFINITIONS; NET CAPITAL(J) ALL OTHER SECURITIES

Where are the funds deposited by a broker or dealer at its custodian held? *

25 points

- In escrow
- As a fidelity bond
- As a treasury note
- Cash
- Other: _____

p.82 Fail to Deliver Extensions

* 25 points

Does a custodian permit for its client (a broker dealer) an extension on the rule "Failure To Deliver"?

- Yes
- No

Which of the following defines "Aggregate Indebtedness"?

* 25 points

- i. The term "aggregate indebtedness" shall be deemed to mean the total money liabilities of a broker or dealer arising in connection with any transaction whatsoever
- ii. money borrowed, money payable against securities loaned and securities "failed to receive", the market value of securities borrowed to the extent to which no equivalent value is paid or credited (other than the market value of margin securities borrowed from customers in accordance with the provisions of 17 CFR 240.15c3-3
- iii. margin securities borrowed from non-customers
- iv. customers' and non-customers' free credit balances, credit balances in customers' and non-customers' accounts having short positions in securities
- v. equities in customers' and non-customers' future commodities accounts
- vi. credit balances in customers' and non-customers' commodities accounts
- vii. Accrued interest payable to subordinated lenders.
- viii. liabilities relating to securities sold to a customer on a COD basis which have not yet been delivered
- ix. liabilities relating to securities sold to a customer on a COD basis which have not yet been delivered by a broker-dealer using settlement date accounting.

- All of the items above.
- All items above other than accrued interest.
- All of the items above other than guarantess.

Do automobiles qualify under Aggregate Indebtedness if they are acquired for use in the ordinary course of the trade or business of a broker or dealer" are those which generally are necessary for the conduct of a brokerage business.

* 25 points

- Yes
- No
- Maybe
- Other: _____

Define NET CAPITAL *

25 points

Net capital is the excess of a broker-dealer's liquid assets over its liabilities and other charges, and is a measure of its ability to meet financial obligations. The SEC requires broker-dealers to maintain a minimum level of net capital to ensure they can cover potential losses and meet obligations.

SECURITIES HAIRCUTS *

25 points

- Review Page 401

SECURITIES HAIRCUTS *

25 points

Is a loss on a contractual commitment deducted in arriving at "net worth"

- Yes
- No

Is the accrued interest on proprietary positions subject to haircuts. *

25 points

- Yes
- No

This form was created inside of SMB Capital.

Google Forms

Custody: Class Discussion

We will be going over this in class on Friday, followed by another open book Exam

The respondent's email (adam.cuvier@epitech.eu) was recorded on submission of this form.

MINIMUM BALANCE SHEET REQUIREMENTS (Clearing)

https://www.finra.org/sites/default/files/SEA.Rule_.15c3-1.Interpretations.pdf

A dealer shall maintain net capital of not less than ____ For the purposes of this section, the term "dealer" includes: * 25 points

(A) any broker or dealer that endorses or writes options otherwise than on a registered national securities exchange or a facility of a registered national securities association... (page 23)

- 100000
- 250000
- 5000
- 10000

(c)(2) DEFINITIONS; NET CAPITAL (continued)

(vii) NON-MARKETABLE SECURITIES

What is the deduction for non-marketable securities?

- 100%
- 50%
- 25%
- 10%

pp562-563

* 25 points

/10 Marketability of Nonconvertible Debt Securities Which Are Not Highly Rated

The SEC Division of Market Regulation will not recommend enforcement action if.

1. The broker-dealer shall deduct from its net worth the following percentages applied to the greater of the gross long or the gross short market value of noninvestment grade, nonconvertible debt securities' positions in each of the categories specified below:

- 15% for an initial issuance of at least \$100 million
- 20% for an initial issuance of at least \$75 million
- 25% for an initial issuance of at least \$50 million but < \$75 million
- 50% for an initial issuance of at least \$20 million but < \$50 million
- 100% if less than \$20 million or held in inventory for more than 90 days

Firms who introduce their accounts on a fully disclosed basis and wish to maintain their minimum Net Capital requirement pursuant to this paragraph (a)(2)(iv), must meet the following requirement(s):

1. The introducing firm must maintain a written clearing agreement (signed by the clearing broker-dealer) which states that for purposes of SIPA and SEA Rules 15c3-3, and 15c3-1, the customers are customers of the clearing firm and not the introducing firm;
2. The clearing firm must issue all account statements directly to customers.
3. Account statements must disclose the fact that all customer funds and/or securities are located at the clearing broker-dealer.
4. Account statements must provide a contact person or department at the clearing firm who can address customer inquiries regarding their account(s).

- All of the above.
- Items 1 and 4
- Items 1 and 3
- Items 1 though three only.

A broker or dealer shall maintain net capital of not less than _____ if it introduces transactions and accounts of customers or other brokers or dealers to another registered broker or dealer

* 25 points

50000

250000

5000

100000

Other: _____

A broker or dealer that does not receive, directly or indirectly, or hold funds or securities for, or owe funds or securities to, customers and does not carry accounts of, or for, customers and does not engage in any of the activities described in paragraphs (a)(2)(i) through (v) of this section shall maintain net capital of not less than \$5,000.

* 25 points

This is characteristic of firm's who can also be referred to as the following:.

mushroom shop

nickel BD

registered broker.

registered dealer.

Other: _____

A broker who only clears riskless principal transactions in order to effect customer trades may be subject to a \$5,000 minimum requirement, however these transactions are made on a fully disclosed basis.

* 25 points

Please explain how you would maintain compliance with respect to disclosure.

i don t know _____

A broker or dealer engaged in activities as a market maker as defined in paragraph (c)(8) of this section (p.51) shall maintain net capital in an amount not less than _____ for each security in which it makes a market in securities that have a value greater than \$5.

* 25 points

- 2500
- 1
- 5
- 30

A broker or dealer engaged in activities as a market maker as defined in paragraph (c)(8) of this section (p.51) shall maintain a net capital balance of no less than _____ if it makes a market in 10000 securities that have a value of \$5 or less.

* 25 points

- 25,000,000
- 10,000,000
- 1,000,000
- 5,0000
- Other: _____

Are accrued interest receivables for municipal bonds with scheduled coupon payable dates included as an allowable asset for Broker Dealers

* 25 points

- Yes
- No

/09 Haircut Deductions on Inventory Positions Denominated in a Foreign Currency

/10 Securities Deposited by U.S. Subsidiaries with Foreign Parent

Other: _____

What impact do the securities that are not included in Appendix A, § 240.15c3-1 (not included in any of the percentage categories enumerated) have on net capital requirements? * 25 points

Review page 501

DEFINITIONS; NET CAPITAL(J) ALL OTHER SECURITIES

Where are the funds deposited by a broker or dealer at its custodian held? * 25 points

In escrow

As a fidelity bond

As a treasury note

Cash

Other: _____

Does a custodian permit for its client (a broker dealer) an extension on the rule "Failure To Deliver"?

Yes

No

Which of the following defines "Aggregate Indebtedness"?

* 25 points

- i. The term "aggregate indebtedness" shall be deemed to mean the total money liabilities of a broker or dealer arising in connection with any transaction whatsoever
- ii. money borrowed, money payable against securities loaned and securities "failed to receive", the market value of securities borrowed to the extent to which no equivalent value is paid or credited (other than the market value of margin securities borrowed from customers in accordance with the provisions of 17 CFR 240.15c3-3
- iii. margin securities borrowed from non-customers
- iv. customers' and non-customers' free credit balances, credit balances in customers' and non-customers' accounts having short positions in securities
- v. equities in customers' and non-customers' future commodities accounts
- vi. credit balances in customers' and non-customers' commodities accounts
- vii. Accrued interest payable to subordinated lenders.
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- ix. liabilities relating to securities sold to a customer on a COD basis which have not yet been delivered by a broker-dealer using settlement date accounting.

- All of the items above.
- All items above other than accrued interest.
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Do automobiles qualify under Aggregate Indebtedness if they are acquired for use in the ordinary course of the trade or business of a broker or dealer" are those which generally are necessary for the conduct of a brokerage business.

* 25 points

- Yes
- No
- Maybe
- Other: _____

Define NET CAPITAL *

25 points

Net capital is the amount of the broker dealer's liquid assets after deducting its liabilities

SECURITIES HAIRCUTS *

25 points

- Review Page 401

SECURITIES HAIRCUTS *

25 points

Is a loss on a contractual commitment deducted in arriving at "net worth"

- Yes
- No

Is the accrued interest on proprietary positions subject to haircuts. *

25 points

- Yes
- No

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Google Forms

Custody: Class Discussion

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The respondent's email (quentin.lithavone@epitech.eu) was recorded on submission of this form.

MINIMUM BALANCE SHEET REQUIREMENTS (Clearing)

https://www.finra.org/sites/default/files/SEA.Rule_.15c3-1.Interpretations.pdf

A dealer shall maintain net capital of not less than ____ For the purposes of this section, the term "dealer" includes: * 25 points

(A) any broker or dealer that endorses or writes options otherwise than on a registered national securities exchange or a facility of a registered national securities association... (page 23)

- 100000
- 250000
- 5000
- 10000

(c)(2) DEFINITIONS; NET CAPITAL (continued)

(vii) NON-MARKETABLE SECURITIES

What is the deduction for non-marketable securities?

- 100%
- 50%
- 25%
- 10%

pp562-563

* 25 points

/10 Marketability of Nonconvertible Debt Securities Which Are Not Highly Rated

The SEC Division of Market Regulation will not recommend enforcement action if.

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- 15% for an initial issuance of at least \$100 million
- 20% for an initial issuance of at least \$75 million
- 25% for an initial issuance of at least \$50 million but < \$75 million
- 50% for an initial issuance of at least \$20 million but < \$50 million
- 100% if less than \$20 million or held in inventory for more than 90 days

Firms who introduce their accounts on a fully disclosed basis and wish to maintain their minimum Net Capital requirement pursuant to this paragraph (a)(2)(iv), must meet the following requirement(s):

1. The introducing firm must maintain a written clearing agreement (signed by the clearing broker-dealer) which states that for purposes of SIPA and SEA Rules 15c3-3, and 15c3-1, the customers are customers of the clearing firm and not the introducing firm;
2. The clearing firm must issue all account statements directly to customers.
3. Account statements must disclose the fact that all customer funds and/or securities are located at the clearing broker-dealer.
4. Account statements must provide a contact person or department at the clearing firm who can address customer inquiries regarding their account(s).

- All of the above.
- Items 1 and 4
- Items 1 and 3
- Items 1 though three only.

A broker or dealer shall maintain net capital of not less than _____ if it introduces transactions and accounts of customers or other brokers or dealers to another registered broker or dealer

* 25 points

50000

250000

5000

100000

Other: _____

A broker or dealer that does not receive, directly or indirectly, or hold funds or securities for, or owe funds or securities to, customers and does not carry accounts of, or for, customers and does not engage in any of the activities described in paragraphs (a)(2)(i) through (v) of this section shall maintain net capital of not less than \$5,000.

* 25 points

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mushroom shop

nickel BD

registered broker.

registered dealer.

Other: _____

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* 25 points

Please explain how you would maintain compliance with respect to disclosure.

A broker or dealer engaged in activities as a market maker as defined in paragraph (c)(8) of this section (p.51) shall maintain net capital in an amount not less than _____ for each security in which it makes a market in securities that have a value greater than \$5.

* 25 points

- 2500
- 1
- 5
- 30

A broker or dealer engaged in activities as a market maker as defined in paragraph (c)(8) of this section (p.51) shall maintain a net capital balance of no less than _____ if it makes a market in 10000 securities that have a value of \$5 or less.

* 25 points

- 25,000,000
- 10,000,000
- 1,000,000
- 5,0000
- Other: _____

Are accrued interest receivables for municipal bonds with scheduled coupon payable dates included as an allowable asset for Broker Dealers

* 25 points

- Yes
- No

/09 Haircut Deductions on Inventory Positions Denominated in a Foreign Currency

/10 Securities Deposited by U.S. Subsidiaries with Foreign Parent

Other: _____

What impact do the securities that are not included in Appendix A, § 240.15c3-1 (not included in any of the percentage categories enumerated) have on net capital requirements? * 25 points

Review page 501

DEFINITIONS; NET CAPITAL(J) ALL OTHER SECURITIES

Where are the funds deposited by a broker or dealer at its custodian held? * 25 points

In escrow

As a fidelity bond

As a treasury note

Cash

Other: _____

Does a custodian permit for its client (a broker dealer) an extension on the rule "Failure To Deliver"?

Yes

No

Which of the following defines "Aggregate Indebtedness"?

* 25 points

- i. The term "aggregate indebtedness" shall be deemed to mean the total money liabilities of a broker or dealer arising in connection with any transaction whatsoever
- ii. money borrowed, money payable against securities loaned and securities "failed to receive", the market value of securities borrowed to the extent to which no equivalent value is paid or credited (other than the market value of margin securities borrowed from customers in accordance with the provisions of 17 CFR 240.15c3-3
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- vi. credit balances in customers' and non-customers' commodities accounts
- vii. Accrued interest payable to subordinated lenders.
- viii. liabilities relating to securities sold to a customer on a COD basis which have not yet been delivered
- ix. liabilities relating to securities sold to a customer on a COD basis which have not yet been delivered by a broker-dealer using settlement date accounting.

- All of the items above.
- All items above other than accrued interest.
- All of the items above other than guarantess.

Do automobiles qualify under Aggregate Indebtedness if they are acquired for use in the ordinary course of the trade or business of a broker or dealer" are those which generally are necessary for the conduct of a brokerage business.

* 25 points

Yes

No

Maybe

Other: _____

Define NET CAPITAL *

25 points

SECURITIES HAIRCUTS *

25 points

Review Page 401

SECURITIES HAIRCUTS *

*

25 points

Is a loss on a contractual commitment deducted in arriving at "net worth"

Yes

No

Is the accrued interest on proprietary positions subject to haircuts. *

25 points

- Yes
- No

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Google Forms

Custody: Class Discussion

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The respondent's email (jules.clerc@epitech.eu) was recorded on submission of this form.

MINIMUM BALANCE SHEET REQUIREMENTS (Clearing)

https://www.finra.org/sites/default/files/SEA.Rule_.15c3-1.Interpretations.pdf

A dealer shall maintain net capital of not less than ____ For the purposes of this section, the term "dealer" includes: * 25 points

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- 100000
- 250000
- 5000
- 10000

(c)(2) DEFINITIONS; NET CAPITAL (continued)

(vii) NON-MARKETABLE SECURITIES

What is the deduction for non-marketable securities?

- 100%
- 50%
- 25%
- 10%

pp562-563

* 25 points

/10 Marketability of Nonconvertible Debt Securities Which Are Not Highly Rated

The SEC Division of Market Regulation will not recommend enforcement action if.

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- 20% for an initial issuance of at least \$75 million
- 25% for an initial issuance of at least \$50 million but < \$75 million
- 50% for an initial issuance of at least \$20 million but < \$50 million
- 100% if less than \$20 million or held in inventory for more than 90 days

Firms who introduce their accounts on a fully disclosed basis and wish to maintain their minimum Net Capital requirement pursuant to this paragraph (a)(2)(iv), must meet the following requirement(s):

1. The introducing firm must maintain a written clearing agreement (signed by the clearing broker-dealer) which states that for purposes of SIPA and SEA Rules 15c3-3, and 15c3-1, the customers are customers of the clearing firm and not the introducing firm;
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- All of the above.
- Items 1 and 4
- Items 1 and 3
- Items 1 though three only.

A broker or dealer shall maintain net capital of not less than _____ if it introduces transactions and accounts of customers or other brokers or dealers to another registered broker or dealer

* 25 points

50000

250000

5000

100000

Other: _____

A broker or dealer that does not receive, directly or indirectly, or hold funds or securities for, or owe funds or securities to, customers and does not carry accounts of, or for, customers and does not engage in any of the activities described in paragraphs (a)(2)(i) through (v) of this section shall maintain net capital of not less than \$5,000.

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mushroom shop

nickel BD

registered broker.

registered dealer.

Other: _____

A broker who only clears riskless principal transactions in order to effect customer trades may be subject to a \$5,000 minimum requirement, however these transactions are made on a fully disclosed basis. * 25 points

Please explain how you would maintain compliance with respect to disclosure.

To maintain compliance with respect to disclosure when executing riskless principal transactions on a fully disclosed basis, a broker should ensure clear and concise information is provided to customers, disclose all material information related to the transaction, make customers aware of any conflicts of interest, provide a copy of the transaction confirmation, and maintain accurate and complete records of all transactions.

A broker or dealer engaged in activities as a market maker as defined in paragraph (c)(8) of this section (p.51) shall maintain net capital in an amount not less than _____ for each security in which it makes a market in securities that have a value greater than \$5. * 25 points

- 2500
- 1
- 5
- 30

A broker or dealer engaged in activities as a market maker as defined in paragraph (c)(8) of this section (p.51) shall maintain a net capital balance of no less than _____ if it makes a market in 10000 securities that have a value of \$5 or less. * 25 points

- 25,000,000
- 10,000,000
- 1,000,000
- 5,0000
- Other: _____

Are accrued interest receivables for municipal bonds with scheduled coupon payable dates included as an allowable asset for Broker Dealers

* 25 points

Yes

No

Review Page 407 *

25 points

/09 Haircut Deductions on Inventory Positions Denominated in a Foreign Currency

/10 Securities Deposited by U.S. Subsidiaries with Foreign Parent

Other: No question

What impact do the securities that are not included in Appendix A, § 240.15c3-1 (not included in any of the percentage categories enumerated) have on net capital requirements?

* 25 points

Review page 501

DEFINITIONS; NET CAPITAL(J) ALL OTHER SECURITIES

Where are the funds deposited by a broker or dealer at its custodian held? *

25 points

- In escrow
- As a fidelity bond
- As a treasury note
- Cash
- Other: _____

p.82 Fail to Deliver Extensions

* 25 points

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- Yes
- No

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- v. equities in customers' and non-customers' future commodities accounts
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* 25 points

- Yes
- No
- Maybe
- Other: _____

Define NET CAPITAL *

25 points

Net capital refers to the liquid assets available to a financial institution or brokerage firm to cover its obligations to clients. It is calculated by subtracting liabilities from total assets and must meet regulatory requirements set by financial regulators.

SECURITIES HAIRCUTS *

25 points

- Review Page 401

SECURITIES HAIRCUTS *

25 points

Is a loss on a contractual commitment deducted in arriving at "net worth"

- Yes
- No

Is the accrued interest on proprietary positions subject to haircuts. *

25 points

- Yes
- No

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Google Forms

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- 250000
- 5000
- 10000

(c)(2) DEFINITIONS; NET CAPITAL (continued)

(vii) NON-MARKETABLE SECURITIES

What is the deduction for non-marketable securities?

- 100%
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- 10%

pp562-563

* 25 points

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- Items 1 and 4
- Items 1 and 3
- Items 1 though three only.

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* 25 points

50000

250000

5000

100000

Other: _____

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* 25 points

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registered broker.

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A broker or dealer engaged in activities as a market maker as defined in paragraph (c)(8) of this section (p.51) shall maintain net capital in an amount not less than _____ for each security in which it makes a market in securities that have a value greater than \$5. * 25 points

- 2500
- 1
- 5
- 30

A broker or dealer engaged in activities as a market maker as defined in paragraph (c)(8) of this section (p.51) shall maintain a net capital balance of no less than _____ if it makes a market in 10000 securities that have a value of \$5 or less. * 25 points

- 25,000,000
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- 1,000,000
- 5,0000
- Other: _____

Are accrued interest receivables for municipal bonds with scheduled coupon payable dates included as an allowable asset for Broker Dealers

* 25 points

Yes

No

Review Page 407 *

25 points

/09 Haircut Deductions on Inventory Positions Denominated in a Foreign Currency

/10 Securities Deposited by U.S. Subsidiaries with Foreign Parent

Other: _____

What impact do the securities that are not included in Appendix A, § 240.15c3-1 (not included in any of the percentage categories enumerated) have on net capital requirements?

* 25 points

Review page 501

DEFINITIONS; NET CAPITAL(J) ALL OTHER SECURITIES

Where are the funds deposited by a broker or dealer at its custodian held? *

25 points

- In escrow
- As a fidelity bond
- As a treasury note
- Cash
- Other: _____

p.82 Fail to Deliver Extensions

* 25 points

Does a custodian permit for its client (a broker dealer) an extension on the rule "Failure To Deliver"?

- Yes
- No

Which of the following defines "Aggregate Indebtedness"?

* 25 points

- i. The term "aggregate indebtedness" shall be deemed to mean the total money liabilities of a broker or dealer arising in connection with any transaction whatsoever
- ii. money borrowed, money payable against securities loaned and securities "failed to receive", the market value of securities borrowed to the extent to which no equivalent value is paid or credited (other than the market value of margin securities borrowed from customers in accordance with the provisions of 17 CFR 240.15c3-3
- iii. margin securities borrowed from non-customers
- iv. customers' and non-customers' free credit balances, credit balances in customers' and non-customers' accounts having short positions in securities
- v. equities in customers' and non-customers' future commodities accounts
- vi. credit balances in customers' and non-customers' commodities accounts
- vii. Accrued interest payable to subordinated lenders.
- viii. liabilities relating to securities sold to a customer on a COD basis which have not yet been delivered
- ix. liabilities relating to securities sold to a customer on a COD basis which have not yet been delivered by a broker-dealer using settlement date accounting.

- All of the items above.
- All items above other than accrued interest.
- All of the items above other than guarantess.

Do automobiles qualify under Aggregate Indebtedness if they are acquired for use in the ordinary course of the trade or business of a broker or dealer" are those which generally are necessary for the conduct of a brokerage business.

* 25 points

Yes

No

Maybe

Other: _____

Define NET CAPITAL *

25 points

Net capital spending refers to the net amount the company spends to acquire the fixed assets during a period, which indicates the company's growth in the fixed assets.

SECURITIES HAIRCUTS *

25 points

Review Page 401

SECURITIES HAIRCUTS *

25 points

Is a loss on a contractual commitment deducted in arriving at "net worth"

Yes

No

Is the accrued interest on proprietary positions subject to haircuts. *

25 points

Yes

No

This form was created inside of SMB Capital.

Google Forms

Custody: Class Discussion

We will be going over this in class on Friday, followed by another open book Exam

The respondent's email (ewen.malenfant@free.fr) was recorded on submission of this form.

MINIMUM BALANCE SHEET REQUIREMENTS (Clearing)

https://www.finra.org/sites/default/files/SEA.Rule_.15c3-1.Interpretations.pdf

A dealer shall maintain net capital of not less than ____ For the purposes of this section, the term "dealer" includes: * 25 points

(A) any broker or dealer that endorses or writes options otherwise than on a registered national securities exchange or a facility of a registered national securities association... (page 23)

- 100000
- 250000
- 5000
- 10000

(c)(2) DEFINITIONS; NET CAPITAL (continued)

(vii) NON-MARKETABLE SECURITIES

What is the deduction for non-marketable securities?

- 100%
- 50%
- 25%
- 10%

pp562-563

* 25 points

/10 Marketability of Nonconvertible Debt Securities Which Are Not Highly Rated

The SEC Division of Market Regulation will not recommend enforcement action if.

1. The broker-dealer shall deduct from its net worth the following percentages applied to the greater of the gross long or the gross short market value of noninvestment grade, nonconvertible debt securities' positions in each of the categories specified below:

- 15% for an initial issuance of at least \$100 million
- 20% for an initial issuance of at least \$75 million
- 25% for an initial issuance of at least \$50 million but < \$75 million
- 50% for an initial issuance of at least \$20 million but < \$50 million
- 100% if less than \$20 million or held in inventory for more than 90 days

Firms who introduce their accounts on a fully disclosed basis and wish to maintain their minimum Net Capital requirement pursuant to this paragraph (a)(2)(iv), must meet the following requirement(s):

1. The introducing firm must maintain a written clearing agreement (signed by the clearing broker-dealer) which states that for purposes of SIPA and SEA Rules 15c3-3, and 15c3-1, the customers are customers of the clearing firm and not the introducing firm;
2. The clearing firm must issue all account statements directly to customers.
3. Account statements must disclose the fact that all customer funds and/or securities are located at the clearing broker-dealer.
4. Account statements must provide a contact person or department at the clearing firm who can address customer inquiries regarding their account(s).

- All of the above.
- Items 1 and 4
- Items 1 and 3
- Items 1 though three only.

A broker or dealer shall maintain net capital of not less than _____ if it introduces transactions and accounts of customers or other brokers or dealers to another registered broker or dealer

* 25 points

50000

250000

5000

100000

Other: _____

A broker or dealer that does not receive, directly or indirectly, or hold funds or securities for, or owe funds or securities to, customers and does not carry accounts of, or for, customers and does not engage in any of the activities described in paragraphs (a)(2)(i) through (v) of this section shall maintain net capital of not less than \$5,000.

* 25 points

This is characteristic of firm's who can also be referred to as the following:.

mushroom shop

nickel BD

registered broker.

registered dealer.

Other: _____

A broker who only clears riskless principal transactions in order to effect customer trades may be subject to a \$5,000 minimum requirement, however these transactions are made on a fully disclosed basis.

* 25 points

Please explain how you would maintain compliance with respect to disclosure.

IDK

A broker or dealer engaged in activities as a market maker as defined in paragraph (c)(8) of this section (p.51) shall maintain net capital in an amount not less than _____ for each security in which it makes a market in securities that have a value greater than \$5.

* 25 points

- 2500
- 1
- 5
- 30

A broker or dealer engaged in activities as a market maker as defined in paragraph (c)(8) of this section (p.51) shall maintain a net capital balance of no less than _____ if it makes a market in 10000 securities that have a value of \$5 or less.

* 25 points

- 25,000,000
- 10,000,000
- 1,000,000
- 5,0000
- Other: _____

Are accrued interest receivables for municipal bonds with scheduled coupon payable dates included as an allowable asset for Broker Dealers

* 25 points

- Yes
- No

- /09 Haircut Deductions on Inventory Positions Denominated in a Foreign Currency
- /10 Securities Deposited by U.S. Subsidiaries with Foreign Parent
- Other: No qst

What impact do the securities that are not included in Appendix A, § 240.15c3-1 (not included in any of the percentage categories enumerated) have on net capital requirements? * 25 points

Review page 501

- DEFINITIONS; NET CAPITAL(J) ALL OTHER SECURITIES

Where are the funds deposited by a broker or dealer at its custodian held? *

25 points

- In escrow
- As a fidelity bond
- As a treasury note
- Cash
- Other:

Does a custodian permit for its client (a broker dealer) an extension on the rule "Failure To Deliver"?

Yes

No

Which of the following defines "Aggregate Indebtedness"?

* 25 points

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- ix. liabilities relating to securities sold to a customer on a COD basis which have not yet been delivered by a broker-dealer using settlement date accounting.

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- All items above other than accrued interest.
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* 25 points

Yes

No

Maybe

Other: _____

Define NET CAPITAL *

25 points

idk

SECURITIES HAIRCUTS *

25 points

Review Page 401

SECURITIES HAIRCUTS *

*

25 points

Is a loss on a contractual commitment deducted in arriving at "net worth"

Yes

No

Is the accrued interest on proprietary positions subject to haircuts. *

25 points

- Yes
- No

This form was created inside of SMB Capital.

Google Forms

Custody: Class Discussion

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The respondent's email (romain.flori-cantrelle@epitech.eu) was recorded on submission of this form.

MINIMUM BALANCE SHEET REQUIREMENTS (Clearing)

https://www.finra.org/sites/default/files/SEA.Rule_.15c3-1.Interpretations.pdf

A dealer shall maintain net capital of not less than ____ For the purposes of this section, the term "dealer" includes: * 25 points

(A) any broker or dealer that endorses or writes options otherwise than on a registered national securities exchange or a facility of a registered national securities association... (page 23)

- 100000
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- 5000
- 10000

(c)(2) DEFINITIONS; NET CAPITAL (continued)

(vii) NON-MARKETABLE SECURITIES

What is the deduction for non-marketable securities?

- 100%
- 50%
- 25%
- 10%

pp562-563

* 25 points

/10 Marketability of Nonconvertible Debt Securities Which Are Not Highly Rated

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- 15% for an initial issuance of at least \$100 million
- 20% for an initial issuance of at least \$75 million
- 25% for an initial issuance of at least \$50 million but < \$75 million
- 50% for an initial issuance of at least \$20 million but < \$50 million
- 100% if less than \$20 million or held in inventory for more than 90 days

Firms who introduce their accounts on a fully disclosed basis and wish to maintain their minimum Net Capital requirement pursuant to this paragraph (a)(2)(iv), must meet the following requirement(s):

1. The introducing firm must maintain a written clearing agreement (signed by the clearing broker-dealer) which states that for purposes of SIPA and SEA Rules 15c3-3, and 15c3-1, the customers are customers of the clearing firm and not the introducing firm;
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3. Account statements must disclose the fact that all customer funds and/or securities are located at the clearing broker-dealer.
4. Account statements must provide a contact person or department at the clearing firm who can address customer inquiries regarding their account(s).

- All of the above.
- Items 1 and 4
- Items 1 and 3
- Items 1 though three only.

A broker or dealer shall maintain net capital of not less than _____ if it introduces transactions and accounts of customers or other brokers or dealers to another registered broker or dealer

* 25 points

50000

250000

5000

100000

Other: _____

A broker or dealer that does not receive, directly or indirectly, or hold funds or securities for, or owe funds or securities to, customers and does not carry accounts of, or for, customers and does not engage in any of the activities described in paragraphs (a)(2)(i) through (v) of this section shall maintain net capital of not less than \$5,000.

* 25 points

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mushroom shop

nickel BD

registered broker.

registered dealer.

Other: _____

A broker who only clears riskless principal transactions in order to effect customer trades may be subject to a \$5,000 minimum requirement, however these transactions are made on a fully disclosed basis.

* 25 points

Please explain how you would maintain compliance with respect to disclosure.

Fully inform customers of riskless principal transactions, fees, and obtain consent to ensure compliance.

A broker or dealer engaged in activities as a market maker as defined in paragraph (c)(8) of this section (p.51) shall maintain net capital in an amount not less than _____ for each security in which it makes a market in securities that have a value greater than \$5.

* 25 points

- 2500
- 1
- 5
- 30

A broker or dealer engaged in activities as a market maker as defined in paragraph (c)(8) of this section (p.51) shall maintain a net capital balance of no less than _____ if it makes a market in 10000 securities that have a value of \$5 or less.

* 25 points

- 25,000,000
- 10,000,000
- 1,000,000
- 5,0000
- Other: _____

Are accrued interest receivables for municipal bonds with scheduled coupon payable dates included as an allowable asset for Broker Dealers

* 25 points

- Yes
- No

/09 Haircut Deductions on Inventory Positions Denominated in a Foreign Currency

/10 Securities Deposited by U.S. Subsidiaries with Foreign Parent

Other: _____

What impact do the securities that are not included in Appendix A, § 240.15c3-1 (not included in any of the percentage categories enumerated) have on net capital requirements? * 25 points

Review page 501

DEFINITIONS; NET CAPITAL(J) ALL OTHER SECURITIES

Where are the funds deposited by a broker or dealer at its custodian held? * 25 points

In escrow

As a fidelity bond

As a treasury note

Cash

Other: _____

Does a custodian permit for its client (a broker dealer) an extension on the rule "Failure To Deliver"?

Yes

No

Which of the following defines "Aggregate Indebtedness"?

* 25 points

- i. The term "aggregate indebtedness" shall be deemed to mean the total money liabilities of a broker or dealer arising in connection with any transaction whatsoever
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Do automobiles qualify under Aggregate Indebtedness if they are acquired for use in the ordinary course of the trade or business of a broker or dealer" are those which generally are necessary for the conduct of a brokerage business.

* 25 points

- Yes
- No
- Maybe
- Other: _____

Define NET CAPITAL *

25 points

Net capital is the difference between a company's total assets and total liabilities, representing its financial health and ability to meet financial obligations.

SECURITIES HAIRCUTS *

25 points

- Review Page 401

SECURITIES HAIRCUTS *

25 points

Is a loss on a contractual commitment deducted in arriving at "net worth"

- Yes
- No

Is the accrued interest on proprietary positions subject to haircuts. *

25 points

- Yes
- No

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Google Forms

Custody: Class Discussion

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The respondent's email (pierre.brun@epitech.eu) was recorded on submission of this form.

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- 100000
- 250000
- 5000
- 10000

(c)(2) DEFINITIONS; NET CAPITAL (continued)

(vii) NON-MARKETABLE SECURITIES

What is the deduction for non-marketable securities?

- 100%
- 50%
- 25%
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pp562-563

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- 50% for an initial issuance of at least \$20 million but < \$50 million
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Firms who introduce their accounts on a fully disclosed basis and wish to maintain their minimum Net Capital requirement pursuant to this paragraph (a)(2)(iv), must meet the following requirement(s):

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- All of the above.
- Items 1 and 4
- Items 1 and 3
- Items 1 though three only.

A broker or dealer shall maintain net capital of not less than _____ if it introduces transactions and accounts of customers or other brokers or dealers to another registered broker or dealer

* 25 points

50000

250000

5000

100000

Other: _____

A broker or dealer that does not receive, directly or indirectly, or hold funds or securities for, or owe funds or securities to, customers and does not carry accounts of, or for, customers and does not engage in any of the activities described in paragraphs (a)(2)(i) through (v) of this section shall maintain net capital of not less than \$5,000.

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mushroom shop

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registered broker.

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Other: _____

A broker who only clears riskless principal transactions in order to effect customer trades may be subject to a \$5,000 minimum requirement, however these transactions are made on a fully disclosed basis. * 25 points

Please explain how you would maintain compliance with respect to disclosure.

Provide written disclosure: The broker should provide written disclosure to the customer regarding the nature of the transaction and any fees or compensation received by the broker in connection with the transaction. This disclosure should be clear and understandable to the customer. Obtain customer consent: The broker should obtain the customer's consent to the transaction and the associated fees or compensation. The consent can be obtained in writing, electronically, or verbally, but it should be recorded and retained as part of the broker's records.

A broker or dealer engaged in activities as a market maker as defined in paragraph (c)(8) of this section (p.51) shall maintain net capital in an amount not less than _____ for each security in which it makes a market in securities that have a value greater than \$5. * 25 points

- 2500
- 1
- 5
- 30

A broker or dealer engaged in activities as a market maker as defined in paragraph (c)(8) of this section (p.51) shall maintain a net capital balance of no less than _____ if it makes a market in 10000 securities that have a value of \$5 or less. * 25 points

- 25,000,000
- 10,000,000
- 1,000,000
- 5,0000
- Other: _____

Are accrued interest receivables for municipal bonds with scheduled coupon payable dates included as an allowable asset for Broker Dealers

* 25 points

Yes

No

Review Page 407 *

25 points

/09 Haircut Deductions on Inventory Positions Denominated in a Foreign Currency

/10 Securities Deposited by U.S. Subsidiaries with Foreign Parent

Other: _____

What impact do the securities that are not included in Appendix A, § 240.15c3-1 (not included in any of the percentage categories enumerated) have on net capital requirements?

* 25 points

Review page 501

DEFINITIONS; NET CAPITAL(J) ALL OTHER SECURITIES

Where are the funds deposited by a broker or dealer at its custodian held? *

25 points

- In escrow
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p.82 Fail to Deliver Extensions

* 25 points

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- Yes
- No

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* 25 points

- Yes
- No
- Maybe
- Other: _____

Define NET CAPITAL *

25 points

computation of a broker dealer's liquidity, or the ability to convert current assets and liabilities into net cash in the event of a liquidation

SECURITIES HAIRCUTS *

25 points

- Review Page 401

SECURITIES HAIRCUTS *

25 points

Is a loss on a contractual commitment deducted in arriving at "net worth"

- Yes
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Is the accrued interest on proprietary positions subject to haircuts. *

25 points

Yes

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Google Forms

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- 2500
- 1
- 5
- 30

A broker or dealer engaged in activities as a market maker as defined in paragraph (c)(8) of this section (p.51) shall maintain a net capital balance of no less than _____ if it makes a market in 10000 securities that have a value of \$5 or less. * 25 points

- 25,000,000
- 10,000,000
- 1,000,000
- 5,0000
- Other: _____

Are accrued interest receivables for municipal bonds with scheduled coupon payable dates included as an allowable asset for Broker Dealers

* 25 points

Yes

No

Review Page 407 *

25 points

/09 Haircut Deductions on Inventory Positions Denominated in a Foreign Currency

/10 Securities Deposited by U.S. Subsidiaries with Foreign Parent

Other: _____

What impact do the securities that are not included in Appendix A, § 240.15c3-1 (not included in any of the percentage categories enumerated) have on net capital requirements?

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Review page 501

DEFINITIONS; NET CAPITAL(J) ALL OTHER SECURITIES

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25 points

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- Other: _____

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* 25 points

- Yes
- No
- Maybe
- Other: _____

Define NET CAPITAL *

25 points

computation of a broker dealer's liquidity, or the ability to convert current assets and liabilities into net cash in the event of a liquidation

SECURITIES HAIRCUTS *

25 points

- Review Page 401

SECURITIES HAIRCUTS *

25 points

Is a loss on a contractual commitment deducted in arriving at "net worth"

- Yes
- No

Is the accrued interest on proprietary positions subject to haircuts. *

25 points

Yes

No

This form was created inside of SMB Capital.

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Custody: Class Discussion

We will be going over this in class on Friday, followed by another open book Exam

The respondent's email (benjamin.ziane@epitech.eu) was recorded on submission of this form.

MINIMUM BALANCE SHEET REQUIREMENTS (Clearing)

https://www.finra.org/sites/default/files/SEA.Rule_.15c3-1.Interpretations.pdf

A dealer shall maintain net capital of not less than ____ For the purposes of this section, the term "dealer" includes: * 25 points

(A) any broker or dealer that endorses or writes options otherwise than on a registered national securities exchange or a facility of a registered national securities association... (page 23)

- 100000
- 250000
- 5000
- 10000

(c)(2) DEFINITIONS; NET CAPITAL (continued)

(vii) NON-MARKETABLE SECURITIES

What is the deduction for non-marketable securities?

- 100%
- 50%
- 25%
- 10%

pp562-563

* 25 points

/10 Marketability of Nonconvertible Debt Securities Which Are Not Highly Rated

The SEC Division of Market Regulation will not recommend enforcement action if.

1. The broker-dealer shall deduct from its net worth the following percentages applied to the greater of the gross long or the gross short market value of noninvestment grade, nonconvertible debt securities' positions in each of the categories specified below:

- 15% for an initial issuance of at least \$100 million
- 20% for an initial issuance of at least \$75 million
- 25% for an initial issuance of at least \$50 million but < \$75 million
- 50% for an initial issuance of at least \$20 million but < \$50 million
- 100% if less than \$20 million or held in inventory for more than 90 days

Firms who introduce their accounts on a fully disclosed basis and wish to maintain their minimum Net Capital requirement pursuant to this paragraph (a)(2)(iv), must meet the following requirement(s):

1. The introducing firm must maintain a written clearing agreement (signed by the clearing broker-dealer) which states that for purposes of SIPA and SEA Rules 15c3-3, and 15c3-1, the customers are customers of the clearing firm and not the introducing firm;
2. The clearing firm must issue all account statements directly to customers.
3. Account statements must disclose the fact that all customer funds and/or securities are located at the clearing broker-dealer.
4. Account statements must provide a contact person or department at the clearing firm who can address customer inquiries regarding their account(s).

- All of the above.
- Items 1 and 4
- Items 1 and 3
- Items 1 though three only.

A broker or dealer shall maintain net capital of not less than _____ if it introduces transactions and accounts of customers or other brokers or dealers to another registered broker or dealer

* 25 points

50000

250000

5000

100000

Other: _____

A broker or dealer that does not receive, directly or indirectly, or hold funds or securities for, or owe funds or securities to, customers and does not carry accounts of, or for, customers and does not engage in any of the activities described in paragraphs (a)(2)(i) through (v) of this section shall maintain net capital of not less than \$5,000.

* 25 points

This is characteristic of firm's who can also be referred to as the following:.

mushroom shop

nickel BD

registered broker.

registered dealer.

Other: _____

A broker who only clears riskless principal transactions in order to effect customer trades may be subject to a \$5,000 minimum requirement, however these transactions are made on a fully disclosed basis. * 25 points

Please explain how you would maintain compliance with respect to disclosure.

To maintain compliance with respect to disclosure for riskless principal transactions, it is important to ensure that fees on eligible riskless principal transactions that are reported under NASD Rule 4632, 4642, or 6420 are fully and separately disclosed. Moreover, the price of the trade is validated by the offsetting leg of the transaction.

A broker or dealer engaged in activities as a market maker as defined in paragraph (c)(8) of this section (p.51) shall maintain net capital in an amount not less than _____ for each security in which it makes a market in securities that have a value greater than \$5. * 25 points

- 2500
- 1
- 5
- 30

A broker or dealer engaged in activities as a market maker as defined in paragraph (c)(8) of this section (p.51) shall maintain a net capital balance of no less than _____ if it makes a market in 10000 securities that have a value of \$5 or less. * 25 points

- 25,000,000
- 10,000,000
- 1,000,000
- 5,0000
- Other: _____

Are accrued interest receivables for municipal bonds with scheduled coupon payable dates included as an allowable asset for Broker Dealers

* 25 points

Yes

No

Review Page 407 *

25 points

/09 Haircut Deductions on Inventory Positions Denominated in a Foreign Currency

/10 Securities Deposited by U.S. Subsidiaries with Foreign Parent

Other: _____

What impact do the securities that are not included in Appendix A, § 240.15c3-1 (not included in any of the percentage categories enumerated) have on net capital requirements?

* 25 points

Review page 501

DEFINITIONS; NET CAPITAL(J) ALL OTHER SECURITIES

Where are the funds deposited by a broker or dealer at its custodian held? *

25 points

- In escrow
- As a fidelity bond
- As a treasury note
- Cash
- Other: _____

p.82 Fail to Deliver Extensions

* 25 points

Does a custodian permit for its client (a broker dealer) an extension on the rule "Failure To Deliver"?

- Yes
- No

Which of the following defines "Aggregate Indebtedness"?

* 25 points

- i. The term "aggregate indebtedness" shall be deemed to mean the total money liabilities of a broker or dealer arising in connection with any transaction whatsoever
- ii. money borrowed, money payable against securities loaned and securities "failed to receive", the market value of securities borrowed to the extent to which no equivalent value is paid or credited (other than the market value of margin securities borrowed from customers in accordance with the provisions of 17 CFR 240.15c3-3
- iii. margin securities borrowed from non-customers
- iv. customers' and non-customers' free credit balances, credit balances in customers' and non-customers' accounts having short positions in securities
- v. equities in customers' and non-customers' future commodities accounts
- vi. credit balances in customers' and non-customers' commodities accounts
- vii. Accrued interest payable to subordinated lenders.
- viii. liabilities relating to securities sold to a customer on a COD basis which have not yet been delivered
- ix. liabilities relating to securities sold to a customer on a COD basis which have not yet been delivered by a broker-dealer using settlement date accounting.

- All of the items above.
- All items above other than accrued interest.
- All of the items above other than guarantess.

Do automobiles qualify under Aggregate Indebtedness if they are acquired for use in the ordinary course of the trade or business of a broker or dealer" are those which generally are necessary for the conduct of a brokerage business.

* 25 points

Yes

No

Maybe

Other: _____

Define NET CAPITAL *

25 points

Net capital is an organization's net worth, commonly calculated by total assets minus total liabilities

SECURITIES HAIRCUTS *

25 points

Review Page 401

SECURITIES HAIRCUTS *

25 points

Is a loss on a contractual commitment deducted in arriving at "net worth"

Yes

No

Is the accrued interest on proprietary positions subject to haircuts. *

25 points

- Yes
- No

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