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(iv) $50,000 from July 1, 1996 and thereafter.

(d) A government securities broker that falls within the provisions of paragraph (c)(2) of § 402.2 shall maintain not less than the greater of:

(1) The amount of liquid capital required under paragraph (a) of § 402.2; or

(2) The amount of liquid capital, after deducting total haircuts, of:

(i) $5,000 through June 30, 1995;

(ii) $11,000 from July 1, 1995 through December 31, 1995;

(iii) $18,000 from January 1, 1996 through June 30, 1996; and

(iv) $25,000 from July 1, 1996 and thereafter.

[60 FR 11026, Mar. 1, 1995; 60 FR 12825, Mar. 8, 1995]

PART 403—PROTECTION OF CUSTOMER SECURITIES AND BALANCES

Sec.

403.1 Application of part to registered brokers and dealers.
403.2 Hypothecation of customer securities.
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403.4 Customer protection—reserves and custody of securities.
403.5 Custody of securities held by financial institutions that are government securities brokers or dealers.
403.6 Compliance with part by futures commission merchants.
403.7 Effective dates.

AUTHORITY: Sec. 101, Pub. L. 99–571, 100 Stat. 3209; sec. 4(b), Pub. L. 101–432, 104 Stat. 963; sec. 102, sec. 106, Pub. L. 103–202, 107 Stat. 2344 (15 U.S.C. 78o–5(a)(5), (b)(1)(A), (b)(4).

SOURCE: 52 FR 27947, July 24, 1987, unless otherwise noted.

§ 403.1 Application of part to registered brokers and dealers.

With respect to their activities in government securities, compliance by registered brokers or dealers with § 240.8c–1 of this title (SEC Rule 8c–1), as modified by § 403.2 (a), (b) and (c), with § 240.15c2–1 of this title (SEC Rule 15c2–1), with § 240.15c3–2 of this title (SEC Rule 15c3–2), as modified by § 403.3, and with § 240.15c3–3 of this title (SEC Rule 15c3–3), as modified by § 403.4 (a) through (d), (f)(2) through (3), (g) through (j), and (m), including provisions in those rules relating to OTC derivatives dealers, constitutes compliance with this part.

[71 FR 54411, Sept. 15, 2006]

§ 403.2 Hypothecation of customer securities.

Every registered government securities broker or dealer shall comply with the requirements of § 240.8c–1 of this title concerning hypothecation of customer securities with the following modifications:

(a) In § 240.8c–1(a), the words ''no government securities broker or dealer'' shall be substituted for the words ''no member of a national securities exchange, and no broker or dealer who transacts a business in securities through the medium of such member.''

(b) Section 240.8c–1(d) is modified to read as follows:

''(d) *Exemption for clearing liens.* The provisions of paragraphs (a)(2), (a)(3) and (f) of this section shall not apply to any lien or claim of a clearing bank, or the clearing corporation (or similar department or association) of a national securities exchange or a registered national securities association, for a loan made to acquire any securities subject to said lien and to be repaid on the same calendar day, which loan is incidental to the clearing of transactions in securities or loans through such bank, corporation, department or association; *provided, however,* that for the purpose of paragraph (a)(3) of this section, 'aggregate indebtedness of all customers in respect of securities carried for their accounts' shall not include indebtedness in respect of any securities subject to any lien or claim exempted by this paragraph.''

(c) References to ''member, broker or dealer'' mean ''government securities broker or dealer.''

§ 403.3 Use of customers' free credit balances.

Every registered government securities broker or dealer shall comply with the requirement of § 240.15c3–2 of this title concerning the use of customer free credit balances. For purposes of this section, all references to ''broker or dealer'' in § 240.15c3–2 shall include government securities brokers and dealers.