



Appendix A – Securities concentration, sample calculation

Securities Concentration SAMPLE CALCULATION

<u>Security Description</u>	<u>Client Positions</u> (Note 1)	<u>Net Inventory</u> (Note 1)	<u>Total</u>	<u>Price</u>	<u>Reference</u>	<u>Loan or <Market Value></u>
RST Common	100,000	250,000	350,000	10.00	1	2,575,000
	<75,000>		<75,000>		2	<750,000>
RST-A	175,000		175,000	15.00	3	1,837,500
	<50,000>	<100,000>	<150,000>		4	<2,250,000>
RST-B	25,000	50,000	75,000	20.00	5	1,100,000
	<60,000>		<60,000>		6	<1,200,000>
RST-C	10,000	75,000	85,000	25.00	7	1,581,250
	<60,000>		<60,000>		8	<1,500,000>
Add items (1), (3), (5) and (7)				=	\$ 7,093,750	
Add items (2), (4), (6) and (8)				=	\$ 5,700,000	
GREATER AMOUNT				=	\$ 7,093,750	

CONCENTRATION CALCULATION

ASSUME RISK ADJUSTED CAPITAL = \$15,000,000
before minimum capital required and securities concentration

IF; \$7,093,750 < (2/3 X 15,000,000) or 10,000,000,

THEN; Concentration capital charge does not apply.

Notes

Note 1 Aggregated on the basis prescribed for in Form 1, Schedule 9, Notes and Instructions, Note 9.

Note that security positions that qualify for margin offsets may be netted.

Note 2 Assume securities are all eligible for preferential margin rates of 30% for clients and 25% for inventory positions (section 5310).



Note 3

In calculating the total amount loaned for each client long (or short) positions on any one security, there may be deducted from the loan value (market value) of the long (or short) position:

1. any excess margin the client's account
2. in the case of margin accounts, 25% of the market value of long positions in any:
 - (i) non-marginable securities in the account
 - (ii) securities with a margin rate of 100% in the accountprovided such securities are carried in readily saleable quantities only
3. in the case of cash accounts, 25% of the market value of long positions in any securities whose market value weighting is 0.000 (pursuant to Schedule 4, Note 8, Cash Accounts Instruction (a)) in the account, provided such securities are carried in readily saleable quantities only