

Joint Audit Committee

Regulatory Update

TO: Chief Financial Officers 0005
Chief Compliance Officers

DATE: December 6, 2000

SUBJECT: CFTC Final Rules on 5% Foreign Broker Capital Charge

The CFTC recently amended its rules expanding the relief available relating to the 5% foreign broker capital charge.

CFTC Rule 1.17(c)(5)(xiii), as amended, provides that balances due from a foreign broker that has been granted comparability relief pursuant to CFTC Rule 30.10 be exempt from the foreign broker charge to the extent that such balances do not exceed the greater of (1) 150% of current margin requirements or (2) 100% of margin required at any time during the proceeding six months. Furthermore, the amendments eliminate an FCM's responsibility to monitor the ultimate destination of margin funds received in order to qualify for relief.

The effective date of these amendments is December 7, 2000. Attached is a copy of the [Federal Register](#).

If you have any questions, please contact your DSRO.