

Joint Audit Committee

Regulatory Update

TO: Chief Financial Officers
Chief Compliance Officers

0104

DATE: August 9, 2001

SUBJECT: CFTC Final Rule on Offsetting Debit/Deficits for Segregation and Secured Amount Statement Reporting

The CFTC recently amended its rules to allow readily marketable securities (rather than only U.S. Treasury securities) to offset debit/deficits for segregation and secured amount statement reporting.

CFTC Rule 1.32, as amended, provides that readily marketable securities held in the same origin as the debit/deficit may be used to offset the debit/deficit for segregation and secured amount statement reporting. To allow the offset, the securities must be held in a proper segregated/secured, as appropriate, safekeeping account and the firm must possess a written authorization from the customer to liquidate the securities at the firm's discretion. Further, an account's debit/deficit may only be offset to the extent of the securities' collateral value (i.e. market value less applicable haircuts).

The amendment to Rule 1.32 was effective August 7, 2001. Attached is a copy of the [Federal Register](#). If you have any questions, please contact your DSRO or visit the JAC Web Site at www.wjammer.com/jac.