

least forty million dollars for purposes of paragraphs (e)(2)(F) and (e)(2)(G), and (ii) either:

(1) Has securities registered pursuant to section 12 of the Securities Exchange Act of 1934, has been subject to the reporting requirements of section 13 of the Exchange Act for a period of at least 90 days and has filed all the reports required to be filed thereunder during the preceding 12 months (or such shorter period as it was required to file such reports), or

(2) Has securities registered pursuant to the Securities Act of 1933, has been subject to the reporting requirements of section 15(d) of the Securities Exchange Act of 1934 for a period of at least 90 days and has filed all the reports required to be filed thereunder during the preceding 12 months (or such shorter period as it was required to file such reports), or

(3) If such person is not subject to section 13 or 15(d) of the Securities Exchange Act of 1934, is person with respect to which there is publicly available the information specified in paragraphs (a)(5)(i) to (xiv), inclusive, of Rule 15c2-11 under that Act, or

(4) Furnishes information to the Securities and Exchange Commission as required by Rule 12g3-2(b) of the Securities Exchange Act of 1934, or

(5) Makes available to the member organization such current information regarding such person's ownership, business operations and financial condition (including such person's current audited statement of financial condition, statement of income and statement of changes in stockholder's equity or comparable financial reports) as reasonably believed by the member organization to be accurate, sufficient for the purposes of performing a risk analysis in respect of such person.

(a)(14) The term "non-equity securities" means any securities other than equity securities as defined in section 3(a)(11) of the Securities Exchange Act of 1934.

(a)(15) The term "listed non-equity securities" means any non-equity securities that:

(i) are listed on a national securities exchange; or (ii) have unlisted trading privileges on a national securities exchange.

(a)(16) The term "other marginable non-equity securities" means:

(1) Any debt securities not traded on a national securities exchange meeting all of the following requirements:

(i) At the time of the original issue, a principal amount of not less than \$25,000,000 of the issue was outstanding;

(ii) The issue was registered under section 5 of the Securities Act of 1933 and the issuer either files periodic reports pursuant to section 13(a) or 15(d) of the Securities Exchange Act of 1934 or is an insurance company which meets all of the conditions specified in section 12(g)(2)(G) of the Securities Exchange Act of 1934; and

(iii) At the time of the extension of credit, the creditor has a reasonable basis for believing that the issuer is not in default on interest or principal payments; or

(2) Any private pass-through securities (not guaranteed by an agency of the U.S. government) meeting all of the following requirements:

(i) An aggregate principal amount of not less than \$25,000,000 (which may be issued in series) was issued pursuant to a registration statement filed with the Securities and Exchange Commission under Section 5 of the Securities Act of 1933.

(ii) Current reports relating to the issue have been filed with the Securities and Exchange Commission; and

(iii) At the time of the credit extension, the creditor has a reasonable basis for believing that mortgage interest, principal payments and other distributions are being passed through as required and that the servicing agent is meeting its material obligations under the terms of the offering.

(b)(1) through (e)(1) unchanged.

(e)(2) Exempted Securities, Non-equity Securities and Baskets

(A) Obligations of the United States and Highly Rated Foreign Sovereign Debt Securities

On net "long" or net "short" positions in obligations (including zero coupon bonds, i.e., bonds with coupons detached or non-interest bearing bonds) issued or guaranteed as to principal or interest by the United States Government or by corporations in which the United States has a direct or indirect interest as shall be designated for exemption by the Secretary of the Treasury, or in obligations that are highly rated foreign sovereign debt securities, the margin to be maintained shall be the percentage of the current market value of such obligations as specified in the applicable category below:

(i) Less than one year to maturity, 1%
(ii) One year but less than three years to maturity, 2%

(iii) Three years but less than five years to maturity, 3%

(iv) Five years but less than ten years to maturity, 4%

(v) Ten years but less than twenty years to maturity, or 5%

(vi) Twenty years or more to maturity, 6%

Notwithstanding the above, on zero coupon bonds with five years or more to maturity the margin to be maintained shall not be less than 3% of the principal amount of the obligation.

When such obligations other than United States Treasury bills are due to mature in thirty calendar days or less, a member organization, at its discretion, may permit the customer to substitute another such obligation for the maturing obligation and use the margin held on the maturing obligation to reduce the margin required on the new obligation, provided the customer has given the member organization irrevocable instructions to redeem the maturing obligation.

(B) All Other Exempted Securities

On any positions in exempted securities other than obligations of the United States, the margin to be maintained shall be 7% of the current market value.

(C) Non-Equity Securities

On any positions in non-equity securities the margin to be maintained (except where a lesser requirement is imposed by other provisions of this Rule) shall be:

(i) 10% of the current market value in the case of investment grade debt securities; and

(ii) 20% of the current market value or 7% of the principal amount, whichever amount is greater, in the case of all other listed non-equity securities, and all other marginable non-equity securities as defined in paragraph (a)(16) of this Rule.

431(e)(2)(D) through (E) unchanged.

(F) Transactions With Exempt Accounts Involving Certain "Good Faith" Securities

On any position resulting from a transaction involving exempted securities, mortgage related securities, or major foreign sovereign debt securities made for or with an "exempt account", no margin need be required and any marked to the market loss on such position need not be collected. However, the amount of any uncollected marked to the market loss shall be deducted in computing the Net Capital of the member organization under the Exchange's Capital Requirements, subject to the limits in paragraph (e)(2)(H) below.