

ALABAMA SECURITIES COMMISSION
ADMINISTRATIVE CODECHAPTER 830-X-3
REGISTRATION OF DEALERS, AGENTS, INVESTMENT ADVISERS AND
INVESTMENT ADVISER REPRESENTATIVES830-X-3-.06 Net Capital Required.

(1) For the purpose of this rule, and for the purpose of initial or renewal registration pursuant to Section 3, Title 8, Code of Ala. 1975, Net Capital shall be computed as follows: Assets minus total liabilities, excluding liabilities which are subordinated to the claims of creditors pursuant to a satisfactory subordination agreement as defined in Appendix D of Rule 15c3-1 under the Securities Exchange Act of 1934 (17 C.F.R. §240.15c3-1d) as amended.

(2) All dealers shall have and maintain net capital of not less than \$50,000 as computed in (1) above.

(3) All investment advisers shall have and maintain net capital of not less than \$10,000 as computed in (1) above.

(4) Except as otherwise ordered by the Commission, those dealers and investment advisers that maintain custody of customer funds or that have discretionary authority over customer accounts shall post a \$50,000 surety bond in addition to maintaining the net capital required by this rule (830-X-3-.06).

(5) Any dealer or investment adviser who fails to maintain the minimum net capital required under this rule shall immediately suspend business operations and notify the Commission within three (3) business days of such fact. Such dealer or investment adviser shall not resume business operations unless and until financial statements which verify compliance with this rule have been submitted and approved by the Commission in writing.

(6) In lieu of the net capital requirements of the foregoing subsections of this rule and the provisions concerning net capital in Code of Ala. 1975, Section 8-6-3(f)(2), the Commission will accept as an alternative for licensing purposes a bond of not less than \$50,000, payable, executed and conditioned as set out in (7) of this rule (830-X-3-.06).

(7) Any surety bond required under this rule shall be payable to the State of Alabama, shall be executed by the dealer or investment adviser and a corporation qualified to do business as a surety company in the State of Alabama and shall be in such form and subject to such conditions as the Commission shall from time to time designate. Any person damaged by any breach in the

conditions of said bond shall have a right of action upon said bond for the damages suffered thereby. Any action to enforce liability under the bond must be brought within the period of time specified in Code of Ala. 1975, §8-6-19(f). One or more recoveries upon such bond shall not vitiate the same, but the aggregate amount of such recoveries thereon shall not exceed the amount of such bond. Any recovery on such bond shall be sufficient cause for canceling or revoking such dealer's or investment adviser's registration.

Author:**Statutory Authority:** Code of Ala. 1975, §8-6-23.**History:** Filed September 30, 1982. **Readopted:** Filed November 9, 1983. **Emergency rule** filed December 22, 1983. **Amended:** Filed March 15, 1984; September 28, 1990 (rule title changed from "Net Worth Required" to "Net Capital Required.") Ed. Note: Formerly Rule No. 830-X-3-.04. **Emergency rule** filed May 9, 1991. **Amended:** Filed September 11, 1991.