



**SECURITIES AND
EXCHANGE COMMISSION**
Washington, D. C. 20549
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82-1

COMMISSION TO CONSIDER REVISIONS IN THE NET CAPITAL REQUIREMENTS

The Commission will consider, at an open meeting scheduled for next Wednesday, whether to make changes in the net capital requirements that, if approved, would have the effect of substantially lowering the capital requirements for broker-dealers.

The meeting is scheduled to begin at 10 a.m. on Wednesday, January 13, in the Commission Meeting Room, Room 825, at Commission headquarters, 500 North Capitol Street, Washington. Staff officials will participate in a briefing immediately following the meeting, in Room 876, to explain whatever action the Commission takes.

The staff's recommendations are the product of a comprehensive examination of the capital requirements which began in January 1979 when the Securities Industry Association was encouraged to submit recommendations for revising the financial responsibility rules. In late 1979, the SIA submitted to the Commission a series of proposals and in 1980 the Commission published for comment proposed amendments to the Securities Exchange Act Rule 15c3-1 (the net capital rule). In drafting these changes, the staff has carefully considered the views and recommendations of all persons who have commented on the Commission's proposed amendments.

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Several factors prompt the staff's recommendations for changes in the net capital rules. The securities industry is operationally more effective today than it was a decade ago. Various industry and regulatory improvements have been made. In addition, economic conditions and related business practices have changed in recent years. Capital has become very costly, Interest rates have fluctuated considerably, making debt markets more volative. New financing techniques, such as repurchase agreements, are in widespread use.

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