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## **Risk Based Haircut (RBH) Factsheet:**

Dash Regulatory Technologies Risk Based Haircuts (RBH) is a program which is designed to help users with haircut calculations according to the SEC amendment to the net capital rule (Release 34-38248) dated February 6, 1997. RBH was written at the request of a New York trading firm and has been licensed at over 120 trading and clearing firm sites.

The Risk Based Haircut program computes haircuts for listed derivative securities and qualified stock baskets as defined in the SEC amended net capital rule. The system ascertains that all stock baskets comply with the rule in terms of capitalization, composition and hedging. The system also allows the user to compute charges for naked securities, undue stock concentration, convertible securities and all other user-defined security types. The system works in conjunction with the Basket Weaver and Wrapper modules.

- Basket Weaver to optimize basket haircut charges
- Wrapper which applies numerous combinations of system settings to separate portfolio elements to determine the lowest haircut charge

The system requires positions from the user and P/L records from the OCC in formats described by the OCC in their latest documentation. If the user provides an optional basket composition file, the program will provide basket composition reports; assure that baskets and their hedging securities are properly matched; and ascertain that there is no 'extra stock' in the baskets.

The system can be used to compute undue stock concentration charges and haircut naked long and short stock per Paragraph J.

### **Users may:**

- Define convertible stocks and have the system analyze the benefits of bona fide arbitrage treatment. Unconverted convertibles may be haircut at user-defined rates.
- Simulate and/or correct positions and recalculate capital requirements.
- Run the program interactively or set it up to run untended in batch mode.
- Export the data files which build the primary system reports to CSV files for use by other applications.
- Identify non-RBH securities via user-defined security type and have haircuts computed for them.
- Define groups of accounts and compute haircuts for these defined entities. Utilize iRBH theoretical values to generate Intraday Haircut estimates.