

## Ridge Clearing House Rules

Ridge Clearing house rules are defined and explained in detail in the following table. The document outlines both initial requirements and maintenance (house) requirements.

TYPE OF SECURITY	INITIAL REQUIREMENT	MAINTENANCE REQUIREMENT
<b>Margin Approved Stocks</b>		
Priced above \$3	50% x M.V.	30% x M.V.
Priced at \$2.99 or below	100% x M.V.	100% x M.V.
<b>Short Stocks</b>		
Priced at \$5 or over	50% x M.V.	Greater of \$5 per share or 30% x M.V.
Priced below \$5	\$5 Per Share	\$5 per share
Shorts vs. box	NA	5% x M.V.
<b>Investment Grade Margin Approved Bonds (<i>Not marginable if price is less than \$50 –except Governments</i>)</b>		
Convertibles	50% x M.V.	30% x M.V.
Corporate Municipals	Greater of 25% x MV or 20% x face value	Same as initial
U.S. Governments	Greater of 10% x MV or 3% x face	Same as initial
<b>Options</b>		
Covered Options	The sale of a call cannot be in the cash account unless the underlying security is long in the account prior to the sale	
Naked Equity Options Puts Calls <i>(Must be done in margin account)</i>	The greater of 25% of the underlying security, less any out of the money, plus the premium or 15% of the strike price plus the premium  The greater of 25% of the underlying security, less any out of the money, plus the premium or, 15% of the underlying security price plus the premium	Same as initial
Spreads Bull Spread (Debit spread) <i>(Must be done in margin account)</i> Bear Spread (credit spread) European style calendar spreads are not permitted	100% of debit and minimum equity of \$2000 Lesser of uncovered requirement as above, or difference in strike price	Same as initial
Naked index options Puts Calls	The greater of 25% of the underlying index, less any out of the money, plus the premium or 15% of the underlying strike, plus the premium  The greater of 25% of the underlying index, less any out of the money, plus the premium or 15% of the underlying index, plus the premium	Same as initial

## **Margin Requirements (For approved securities)**

- A signed margin and/or option agreement must be on file prior to first trade.
- All Margin Accounts require initial equity of at least \$2000.
- Requirements apply to diversified accounts only. Concentrated positions are subject to higher requirements, usually 50%. A concentrated position is defined as any one position equal to or greater than 60% of total market value.
- Certain issues may be subject to higher requirements due to market conditions such as illiquidity and volatility.
- Naked call accounts require \$25000 equity over the above requirement
- Naked put accounts require \$10000 equity over and above requirement, not to exceed 100% of assignment costs.
- Requirements are subject to change without notice.
- House calls are issued only for calls of 1000 or greater unless the account is below NYSE requirements.