

REVOLVING SUBORDINATED LOAN AGREEMENT

This Revolving Subordinated Loan Agreement (the "Agreement") is effective as of the ___ day of _____, 20___ by and between _____ (the "Lender"), and _____ (the "Borrower"), who mutually agree as follows:

1. (a) The term "Designated Self-Regulatory Organization" or "DSRO" shall mean the Exchange(s) and/or other Self-Regulatory Organizations which is (are) a party to the Joint Audit Agreement and which has (have) been designated by the Joint Audit Committee as the Borrower's DSRO. The Borrower's DSRO is subject to change from time to time at the Joint Audit Committee's discretion.

(b) The term "Commission" shall mean the Commodity Futures Trading Commission.

(c) The term "Capital Requirements" shall mean the rules, regulations, and requirements of the Designated Self-Regulatory Organization which were adopted pursuant to CFTC Regulations 1.17 and 1.52.

(d) The term "CFTC regulations" shall mean the Commodity Futures Trading Commission's Minimum Financial Regulations.

(e) The term "Adjusted Net Capital" shall mean adjusted net capital as defined in Commodity Futures Trading Commission Regulation 1.17(c)(5).

(f) The term "Subordination Agreement" shall mean either a subordinated loan agreement or a secured demand note agreement, as those terms are defined in Commodity Futures Trading Commission Regulation 1.17(h)(1).

2. Lender hereby agrees to lend the sum of _____ (\$_____) to Borrower, and Borrower agrees to borrow the said sum from Lender upon the terms and conditions set forth herein.

3. Lender agrees that from time to time during the term of this Agreement it shall lend at its discretion to Borrower sums which, in the aggregate principal amount outstanding at any one time, shall not exceed _____ (the "Credit").

(a) The Credit shall be a revolving credit and Borrower may, subject to the provisions of paragraphs 7 and 8 hereof governing prepayments and repayments, request advances, repay and reborrow amounts during the continuation of the Credit, as Lender may in its discretion deem advisable, subject to the applicable provisions of this Agreement. Each such revolving credit loan made hereunder (an "Advance") shall have a scheduled maturity date of _____ ("Scheduled Maturity Date"), provided however that no Advance may be made within less than 3 (three) years from the Scheduled Maturity Date. Each Advance shall have an initial term of at least 3 (three)

years. All such Advances made hereunder shall be included on the schedule contained in the "Revolving Subordinated Note" referred to in paragraph 3(c) below which schedule by this reference is made a part hereof.

(b) This agreement shall terminate on _____ (the Maturity Date). Notwithstanding the above, if any Advances made hereunder are still outstanding as of the Maturity Date this Agreement shall continue in full force and effect with respect to such Advances until such Advances are repaid.

(c) The obligation of Borrower to repay the aggregate unpaid principal amount of the Advances shall be evidenced by a single promissory note of Borrower bearing on its face an appropriate legend stating that such note is subject to the provisions of this Agreement, which shall be adequately referred to and incorporated herein (the "Revolving Subordinated Note"). The Revolving Subordinated Note shall be in substantially the form attached hereto as Exhibit A, with blanks appropriately completed, payable to the order of the Lender in a face amount equal to the Credit, bearing interest as set forth in paragraph 3(d) hereof. The Revolving Subordinated Note shall be dated, and shall be delivered to Lender, on the date of the execution and delivery of this Agreement by Borrower. Lender shall, and is hereby authorized by Borrower to, endorse on the schedule contained on the Revolving Subordinated Note, or on a continuation of such schedule attached thereto and made a part thereof and hereof, appropriate notations regarding the Advances evidenced by the Revolving Subordinated Note as specifically provided therein; provided, however, that the failure to make, or error in making, any such notation shall not limit or otherwise affect the obligations of Borrower hereunder or under the Revolving Subordinated Note.

(d) The unpaid principal amount of an Advance shall bear interest prior to its Scheduled Maturity Date at the prevailing market rate as agreed upon between the Lender and Borrower at the time of the Advance and reset monthly during the term of the Advance. Interest prior to the Scheduled Maturity Date shall be payable monthly on the last day of each calendar month commencing with the first of such dates to occur after the date hereof and continuing until the Scheduled Maturity Date. After the Scheduled Maturity Date, the unpaid principal amount of the Advance shall bear interest until paid at the rate agreed upon between the Lender and the Borrower . All interest shall be computed on the basis of a year consisting of 365 days and paid for the actual number of days elapsed.

(e) Notwithstanding any term hereof to the contrary, Lender reserves the right to make any Advance hereunder in its sole and absolute discretion. It is expressly understood and agreed by Borrower and each of its successors and permitted assigns that nothing herein creates any liability on Lender, its successors and permitted assigns to make any Advance.

(f) Whenever Borrower desires Lender to make an Advance, it shall give written notice to the Lender (with a copy to the DSRO) of such Advance, setting forth the amount of the Advance and the date on which such Advance is to be made.

4. The Lender hereby subordinates any right to receive any payment with respect to this Agreement, together with accrued interest or compensation, to the prior payment or provision for payment in full of all claims of all present and future creditors of the Borrower arising out of any matter occurring prior to the Maturity Date, except for claims which are the subject of subordination agreements which rank on the same priority as or are junior to the claim of the Lender under this Agreement.

5. The proceeds of this Agreement shall be used and dealt with by the Borrower as part of its capital and shall be subject to the risks of its business.

6. The Borrower shall have the right to deposit any cash proceeds of this subordinated loan agreement in an account or accounts in its own name in any bank or trust company.

7. Borrower, at its option, but not at the option of Lender, may make a payment of all or any portion of the Credit prior to the scheduled Maturity Date (hereinafter referred to as a "Prepayment"). No Prepayment of any Advance may be made before the expiration of one year from the date the Advance becomes effective. No Prepayment shall be made if, after giving effect thereto (and to all payments of payment obligations under any other subordination agreements then outstanding, the maturity or accelerated maturities of which are scheduled to fall due within six months after the date such Prepayment is to occur pursuant to this provision, or on or prior to the date on which the payment obligation with respect to such Prepayment is scheduled to mature disregarding this provision, whichever date is earlier) without reference to any projected profit or loss of the Borrower, the Adjusted Net Capital of the Borrower is less than the greatest of : (1) 120% of the appropriate minimum dollar amount required by CFTC Regulations; or, (2) 120% of the firm's risk based capital requirement calculated in accordance with CFTC Regulations; or (3) if the Borrower is a securities broker or dealer, the amount of net capital specified in Rule 15c3-1d(b)(7) of the Regulations of the Securities and Exchange Commission [17C.F.R.240.15c3-1d(b)(7)]; or (4) the minimum capital requirement as defined by the DSRO. Notwithstanding the above, no Prepayment shall occur without the prior written approval of the Designated Self-Regulatory Organization.

8. (a) The payment obligation of the Borrower in respect of this Agreement shall be suspended and shall not mature if, after giving effect to payment of such payment obligation (and to all payments of payment obligations of the Borrower under any other subordination agreements then outstanding which are scheduled to mature on or before such payment obligation), the Adjusted Net Capital of the Borrower would be less than the greatest of: (1) 120% of the appropriate minimum dollar amount required by CFTC Regulations; or, (2) 120% of the firm's risk based capital requirement calculated in accordance with CFTC Regulations; or, (3) if the Borrower is a securities broker or dealer, the amount of net capital specified in Rule 15c3-1d(b)(8)(i) of the

Regulations of the Securities and Exchange Commission, [17C.F.R. 240.15c3-1d(b)(8)(i)]; or, (4) the minimum capital requirement as defined by the DSRO. [Provided that if the payment obligation of the Borrower hereunder does not mature and is suspended as a result of the requirements of this paragraph for a period of not less than six months, the Borrower shall then commence the rapid and orderly liquidation of its entire business, but the right of the Lender to receive payment, together with accrued interest or compensation shall remain subordinate as required by the provisions of this Agreement.]

(b) In the event the Borrower is required to commence a rapid and orderly liquidation, as permitted in paragraph 8(a), the date on which the liquidation commences shall be the maturity date for any subordination agreement of the Borrower then outstanding, but the rights of the respective lenders to receive payment, together with accrued interest or compensation, shall remain subordinate as required by the provisions of such agreements.

9. No default in the payment of interest or in the performance of any covenant or condition of this Agreement or any note or notes made hereunder shall have the effect of accelerating the date on which the Borrower's payment obligation is scheduled to mature.

10. Notwithstanding the provisions of paragraph 8 of this Agreement, the payment obligation of the Borrower with respect to this Agreement, together with accrued interest and compensation, shall mature in the event of any receivership, insolvency, liquidation pursuant to the Securities Investor Protection Act of 1970 or otherwise, bankruptcy, assignment for the benefit of creditors, reorganization whether or not pursuant to the bankruptcy laws, or any other marshalling of the assets and liabilities of the Borrower, but the right of the Lender to receive payment, together with accrued interest or compensation, shall remain subordinate as required by the provisions of this Agreement.

11. The Borrower shall immediately notify the Designated Self-Regulatory Organization and the Commission if, after giving effect to all payments of payment obligations under subordination agreements then outstanding which are then due or mature within the following six months without reference to any projected profit or loss of the Borrower, its adjusted net capital would be less than the greatest of: (1) 120% of the appropriate minimum dollar amount required by CFTC Regulations; or, (2) 120% of the firm's risk based capital requirement calculated in accordance with CFTC Regulations; or, (3) if Borrower is a securities broker or dealer, the amount of net capital specified in Rule 15c3-1d(c)(2) of the Regulations of the Securities and Exchange Commission, [17C.F.R.240.15c3-1d(c)(2)]; or, (4) the minimum capital requirement as defined by the DSRO.

12. Neither this Agreement nor any note or other instrument made hereunder is entered into in reliance upon the standing of the Borrower as a member organization of any commodity exchange or securities exchange or upon any such exchange's surveillance of

the Borrower or its capital position. The Lender is not relying upon any such exchange to provide any information concerning or relating to the Borrower. No such exchange has a responsibility to disclose to the Lender any information concerning or relating to the Borrower which it may have now or at any future time. Neither any such exchange nor any officer or employee of any such exchange shall be liable to the Lender with respect to this Agreement, the Indebtedness, the repayment thereof, any interest or compensation thereon or any damages resulting from the breach of this Agreement. Neither the Designated Self-Regulatory Organization nor the Commission is a guarantor of this Agreement.

13. This Agreement shall be binding upon the Lender and the Borrower and their respective, heirs, executors, administrators, successors and assigns.

14. Any note or other written instrument evidencing the Credit shall bear on its face an appropriate legend stating that such note or instrument is issued subject to the provisions of this Agreement, which shall be adequately referred to and incorporated by reference herein.

15. This Agreement shall not be subject to cancellation by either party; no payment shall be made with respect thereto and this Agreement shall not be terminated, rescinded or modified by mutual consent or otherwise if the effect thereof would be inconsistent with the Capital Requirements or, if applicable, the CFTC Regulations.

16. This Agreement is governed by the laws of the State of _____.

17. Any notice required or provided for herein shall be deemed to have been given or received when it has been delivered in person or has been deposited, postage prepaid, by United States certified or registered mail, addressed to the person for whom intended:

(a) If for Borrower:

(b) If for Lender:

(c) If for Borrower's Designated Self-Regulatory Organization:

18. This Agreement supersedes all prior agreements of the parties with respect to the Credit.

IN WITNESS WHEREOF, the parties hereto have set their hands this

_____ day of _____, 20_____.

Borrower

Lender

SUBORDINATION AGREEMENT
INFORMATION STATEMENT

Name and address of Lender: _____

Business relationship of lender to clearing member:

_____ Officer _____ Partner
_____ Stockholder _____ Other

Did the clearing member carry funds or securities for the lender at or about the time the proposed subordinated agreement was filed?

Yes _____ No _____

Exhibit A
REVOLVING SUBORDINATED NOTE

\$ _____

(city,state)
_____, 20__

On or before _____, 20__, the undersigned, for value received hereby promises to pay to the order of _____
(the "Lender") at _____
the principal sum of _____ (_____) or, if less, the aggregate unpaid principal amount of all advances made by the Lender to the undersigned hereunder. The initial advance, all subsequent advances and all payments made on account of principal shall be endorsed by the holder on the attached schedule to this Note.

The undersigned further promises to pay to the order of the Lender monthly, on the last day of each month hereafter, commencing on the first such date after the date hereof and continuing until maturity, interest on the principal sum from time to time outstanding at the rate agreed upon between the Lender and the Borrower ; and after maturity until paid at the rate the rate agreed upon between the Lender and the Borrower .

Interest shall be computed on the basis of a year consisting of 365 days and paid for the actual number of days elapsed.

This Note evidences indebtedness incurred under a Revolving Subordinated Loan Agreement dated _____ (and, if amended, all amendments thereto) between the undersigned and the Lender, to which reference is hereby made for a statement of the terms and provisions, including those under which this Note may be paid prior to its due date or its due date accelerated. As provided in said Agreement, the payment of principal of and interest on this Note is expressly subordinated to the payment of all other claims on _____ which are not similarly subordinated.

By: _____

Schedule attached to Revolving Subordinated Note dated _____ of _____ payable to the order of _____

<u>Date</u>	<u>Amount of Loan Made</u>	<u>Interest Rate</u>	<u>Scheduled Maturity Date</u>	<u>Amount of Principal Repaid</u>	<u>Unpaid Principal Balance</u>	<u>Notation Made By</u>

The aggregate unpaid principal amount shown on this schedule shall be rebuttable presumptive evidence of the principal amount owing and unpaid on this Revolving Subordinated Note. The failure to record the date and amount of any Revolving Subordinated Loan on this schedule shall not, however, limit or otherwise affect the obligations of _____ under the Revolving Subordinated Loan Agreement or under this Note to repay the principal amount of the loans, together with all interest accruing thereon.