

[ON CUSTOMER'S LETTERHEAD]

Date: ___ / ___ / ___

Lek Securities Corporation
One Liberty Plaza – 52nd Floor
New York, NY 10006
Attn: Compliance

Re: Short Sale Locate Requirement

Dear Sirs:

Securities and Exchange Commission's Regulation "SHO", Rule 203(b), creates a uniform Commission rule requiring a broker-dealer, prior to effecting a short sale in any equity security, to "locate" securities available for borrowing. Specifically, the rule prohibits a broker dealer from accepting a short sale order in any equity security from another person, or effecting a short sale order for the broker-dealer's own account unless the broker-dealer has (1) borrowed the security, or entered into an arrangement to borrow the security, or (2) has reasonable grounds to believe that the security can be borrowed so that it can be delivered on the date delivery is due. The locate must be made and documented prior to effecting a short sale, regardless of whether the seller's short position may be closed out by purchasing securities the same day.

In evaluating whether "reasonable grounds" exist to believe that the security can be borrowed so that it can be delivered on the date delivery is due as required by Rule 203(b)(1)(ii), a broker-dealer may obtain an assurance from a customer that such party can obtain securities from another identified source in time to settle the trade¹.

In Section 4 of the Agreement for Prime Brokerage Clearance Services (SIA Form 151) between Lek Securities Corporation and ourselves we agreed to provide you with information concerning any securities borrowing arrangements made by us and/or our Prime Broker in connection with any short sales. In accordance with this provision, we hereby represent to you that prior to entering any short sale, we will locate the subject securities through the facilities of our Prime Broker, or otherwise, and we will retain evidence of the locate in our permanent records which will be available for inspection by Lek Securities Corporation, upon the request of the Commission or a Self Regulatory Organization.

We trust that you will accept the above representation as reasonable grounds to believe that all short sales entered by our firm can be borrowed and that they will be delivered on the date delivery is due. Accordingly, we request that all short sale orders received by

¹ **Federal Register** / Vol. 69, No. 151 / Friday, August 6, 2004 / Rules and Regulations Page 48014 Footnote 58

Lek Securities Corporation be transmitted forthwith for execution without the delay that otherwise might be required for your firm to provide an independent locate.

Very truly yours,

(Signature)

(Print Name)

(Title)