

### **Ability Of A (k)(2)(ii) Broker/Dealer To Write Checks On Behalf Of The Clearing Firm**

*The following interpretation was previously published on page 75 of the NASD Guide to Rule Interpretations (May 1996).*

A (k)(2)(ii) broker/dealer may issue checks or drafts to customers on the clearing firms behalf if:

- (1) the bank account is in the name of the clearing firm.
- (2) there is a written contract between the carrying broker/dealer and the introducing firm specifying that the introducing firm is acting as agent for the carrying broker/dealer.
- (3) the clearing firm may not debit customers brokerage accounts for checks issued by the introducing firm and drawn on the account until the checks clear. An alternative to this condition (3) allows the clearing firm to deduct from Item 10, the dollar amount of the highest outstanding balance of checks payable to customers for any given seven-day period during the previous six months.

*SEC Staff of DMR to NASD, May 1993*