

Interpretation Memo

Member Firm Regulation

NYSE

New York
Stock Exchange, Inc.
20 Broad Street
New York, NY 10005

Number 91-9
July 12, 1991

PLEASE ROUTE TO FINANCIAL AND OPERATIONS OFFICER/PARTNER
AND COMPLIANCE AND MARGIN DEPARTMENTS

TO: MEMBERS, MEMBER ORGANIZATIONS AND HANDBOOK SUBSCRIBERS

SUBJECT: Current Updates To Rule 15c3-1 And Rule 15c3-3

CURRENT INTERPRETATIONS UPDATES

New and revised interpretations are initially published in an Interpretation Memo such as this one. Periodically these interpretations will be incorporated into the regular handbook pages. Each current update or revision will indicate a page number and section of the handbook into which it will later be integrated. We recommend that appropriate notation be made on the handbook pages for ease in finding the updated interpretations when needed.

The accompanying interpretations should be referenced on the pages indicated and retained until replaced by revised pages for insertion into the handbook.

Rule 15c3-1

Net Capital Requirements For Brokers or Dealers

New Interpretations - Page 169

(c)(2)(iv)(C) Assets Not Readily Convertible Into Cash

/073 Netting of Intercompany Receivables and Payables
with Affiliates

- a) An account with an affiliate or a parent which could be classified as a customer under Rule 15c3-3 (securities account) may not be netted with accounts of other affiliates. For this purpose they would be treated as cash accounts, margin accounts, etc.

- b) Other accounts (non-securities accounts) of the same affiliate may be netted. However, cross netting of such accounts with different affiliated entities will not be permitted.
- c) Netting can be accomplished by recording all non-securities transactions with affiliates in a single account carried for a parent organization. Transactions (payments and receipts) should be made according to instructions from the parent and details can be maintained in sub accounts. However, it must be clear that any creditor or other claimant against any of the entities can only proceed against the net account carried for the parent.
- d) Accounts with parent organizations or affiliates which are not classifiable as securities accounts should not be carried in a securities account ledger.

* * * * *

Rule 15c3-3

Customer's Protection - Reserves and Custody of Securities

New Interpretation - Page 508

(a)

DEFINITIONS

(13) Affiliated Persons

/01 Securities Accounts with Affiliates

Accounts which except for the affiliation would be classified as securities customers must be carried individually, by affiliate in accordance with rule 15c3-3 and 15c3-3a subject to Notes E(1) through E(6).