

Interpretation Memo



New York
Stock Exchange, Inc.

20 Broad Street
New York, NY 10005

Member Firm Regulation

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**TO: MEMBERS, MEMBER ORGANIZATIONS, AND HANDBOOK
SUBSCRIBERS**

**SUBJECT: UPDATE OF INTERPRETATION HANDBOOK - SEA RULES 15c3-1
AND 15c3-3**

The accompanying updated Interpretation Handbook pages are being distributed as replacements for existing pages. The update includes clarifications of existing rules as well as new interpretations. These interpretations should be carefully reviewed before insertion into the handbook.

The following is a list of new interpretations which are being added:

New Interpretation to SEA Rule 15c3-1

| <u>Page & Reference</u> | <u>Subject</u> |
|---------------------------------|---------------------------------------|
| 164, (c)(2)(iv)(F)(3)(ii)(C)/04 | Repurchase Transactions to Maturity |
| 197, (c)(2)(vi)(F)/01 | Hedging of Debt Securities |
| 199, (c)(2)(vi)(F)(6)/11 | Government Stripped Bonds and Coupons |
| 226, (c)(2)(vii)/011 | Marketplace Blockage - 1% Exemption |
| 242, (c)(2)(viii)(B)/01 | Application of \$150,000 Addback |

The following are clarifications to existing 15c3-1 interpretations:

| <u>Page & Reference</u> | <u>Subject</u> |
|-----------------------------|--|
| 129, (c)(2)(iv)(B)/12 | Credit Extended upon Exercise of Employee Stock Option <i>Change in number of days from 15 to 13.</i> |
| 197, (c)(2)(vi)(F)(6)/02 | Taxable Securities Issued By Church and Health Care Institutions <i>Temporary interpretation made permanent.</i> |
| 235, (c)(2)(vii)/10 | Marketability of Nonconvertible Debt Securities Which Are Not Highly Rated <i>To clarify charges taken on "the greater of the long or short market value."</i> |
| 273, (c)(2)(xii)/05 | Credit Extended upon Exercise of Employee Stock Option <i>Change in number of days from 15 to 13.</i> |

New Interpretation to SEA Rule 15c3-3

| <u>Page & Reference</u> | <u>Subject</u> |
|-----------------------------|---|
| 547- 548, (e)(1)/08 | Tri-Party Repurchase Arrangement for Special Reserve Bank Account Deposits |

The following is a clarification to an existing 15c3-3 interpretation:

| | |
|-----------------|---|
| 480, (a)(1)/021 | Non-Conforming Subordination Agreements with Affiliated Entities <i>Grandfathering of pre-existing approved non-conforming subordinations and to address foreign customer securities.</i> |
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