

H.K. Schmiedler & Co., Inc.
Division #: 84-1510
within division: #87
also listed in file —
under division(s): —
ability date: 12-4-76

Act. 134
Section 15
Rule 15c3-3
Public
Availability 12/4/76

1/
CLASSIFIED INCOME

Mr. Arnold R. Schmiedler
President
A. R. Schmiedler & Co., Inc.
1270 Avenue of the Americas
New York, New York 10020

Dear Mr. Schmiedler:

This is in response to your letter of October 25, 1976, on behalf of A. R. Schmiedler & Co., Inc. ("Schmiedler"), regarding the treatment of certain deferred income accounts pursuant to Rule 15c3-3 (17 CFR 240.15c3-3) under the Securities Exchange Act of 1934 (the "Act").

You explain that Schmiedler is a registered investment advisor and broker-dealer and has investment advisory contracts with clients under which fees are paid quarterly in advance. It is your practice to record as income only the earned portion of the fee, treating the remaining amount as unearned income subject to refund. With regard to the above, you question if the unearned portion of the fee must be included in Schmiedler's weekly calculation of its reserve requirement pursuant to Rule 15c3-3.

Based on your representation that such amount solely represents prepaid amounts for Schmiedler's investment advisory service, the Division would raise no question if such prepaid fees are not included in Schmiedler's weekly calculation of its reserve requirement pursuant to Rule 15c3-3.

The Division notes, however, that such amounts must be included in Schmiedler's aggregate indebtedness pursuant to Rule 15c3-1 (17 CFR 240.15c3-1) under the Act.

Sincerely,

Robert L. Smith
Securities Operations
Specialist

cc: Thomas Costa
NASD

R. SCHMEIDLER & Co., Inc.

1270 AVENUE OF THE AMERICAS
NEW YORK, NEW YORK 10020
(212) 459-7000

October 5, 1976

SECURITIES AND EXCHANGE COMMISSION
RECEIVED
Securities and Exchange Commission
Washington, D.C. 20549

OCT 8 1976

REC'D S.E.C.

OCT 8 - 1976

Attention: Mr. Mark Berman

DIVISION OF MARKET REGULATION

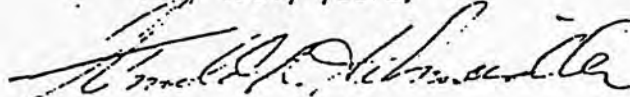
Gentlemen:

At the request of the National Association of Securities Dealers, we would appreciate receiving clarification of the following question.

We are registered investment advisers and broker-dealers. As investment advisers, we have contracts with our clients under which fees are paid quarterly in advance. It has been our practice to record as income only the earned portion of these fees, the remaining amounts are treated as deferred income subject to refund. We would like to know if we should include the deferred amounts in our weekly calculation of reserve requirements under Rule 15C3-3?

Thanking you in anticipation of your early reply, I am,

Very truly yours,



Arnold R. Schmeidler
President

ARS:gj

c.c. Mr. Tom Costa
NASD

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