

A. SCHMEIDLER & CO., INC. 1270 AVENUE OF THE AMERICAS NEW YORK, NEW YORK
10020 TELEPHONE(212) 489-7900

October 05, 1976

Securities and Exchange Commission Washington, D.C. 20549 Attention: Mr. Mark
Berman

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

c.c. Mr. Tom Costa NASD

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

Dear Mr. Schmeidler:

This is in response to your letter of October 15, 1976, on behalf of A. R. Schmeidler
& Co., Inc. ("Schmeidler"), 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 Schmeidler is a registered investment advisor and broker-dealer
and has investment advisory contacts with clients under which fees are paid
quarterly in advance. It is your practice to record as Income only the earned

position 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 Schmeidler's weekly calculation of its reserve requirement pursuant to Rule 15c3-3.

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

The Division notes, however, that such amounts must be Included in Schmeidler'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

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