SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

DIVISION OF
MARKET REGULATION

JUN 5 1974

Mr. William A. Calby
First Vice President
New York Operations
Blyth, Eastman, Dillon
& Co., Inc.
One Chase Manhattan Plaza
New York, New York 10005

Dear Mr. Calby:

This is in response to your correspondence of February 7, 1974 requesting an interpretation of Rule 15c3-3 as it relates to deliveries of securities to customers through the branch offices of Blyth, Eastman, Dillon & Co., Inc. ("Bedco"). You specifically question whether the provisions of Rule 15c3-3 require your branch offices to check the excess deficit listing respecting securities received at a branch office from the New York office prior to making delivery of these securities from any branch office of Bedco.

I understand the pertinent facts to be as follows: Bedco uses its branch offices as a delivery point for securities. Delivery items are bundled in the New York office on a given day for subsequent delivery via the offices of Bedco. These securities are bundled in accordance with Rule 15c3-3 in that their delivery on the day they are bundled will neither create or increase a deficiency in securities required for possession or control. The securities usually arrive at the branch offices on the following day but may arrive later depending on the geographical location of the office. You note that any requirement of the branch offices to verify the excess deficit listing of the securities prior to making delivery from the branch offices, a report only available in your New York office, would cause unnecessary delay, additional work, and increased costs.

Rule 15c3-3 would prohibit the delivery or removal of securities from the broker-dealer's possession or control if such release would create or increase a deficiency in the quantity of securities by class or issue required to be in such broker-dealer's possession or control. In recognition of the need to allow adequate time for processing securities for pending deliveries, the Division has interpreted Rule 15c3-3 (see Securities Exchange Act Release No. 9922) to permit the release of securities from possession or control not earlier than the close of business on the third business day before settlement date.

Rule 15c3-3 requires a broker-dealer to both obtain and thereafter maintain possession or control over customers' fully paid and excess margin securities. Accordingly, it is the Division's view that provided: (1) Bedco does not release securities from possession or control for delivery to branch offices earlier than permitted under the criteria established in Securities Exchange Act Release No. 9922; (2) the securities to be delivered cease to be in possession or control for purposes of Rule 15c3-3 at the time such securities are placed in transit to the branch office; and (3) no such delivery to a branch office is accomplished, if as of the close of business the previous day, an excess of that particular security did not exist and the delivery of those securities, where an excess does exist, does not exceed such excess, then we conclude that a broker-dealer's branch offices would not be required to check the excess deficit listing as to the respective securities prior to making delivery from such branch offices.

Should you have further questions, please contact us.

Sincerely,

Marc L. Berman

Marc L. Berman, Chief
Branch of Rules and Interpretations

bcc: Edwin Nordlinger
New York Regional Office

Maurice Minen
New York Stock Exchange, Inc.

Robert L. Smith
National Association of
Securities Dealers, Inc.