

December 11, 1972

Lee A. Pickard

Securities & Exchange Commission

Washington, D.C. 20549

Dear Mr. Pickard:

In preparing computations for the reporting of Rule 15c3-3 which is effective January 15, 1973, I am still not aware as to whether "continuous net settlements" will be treated as fail accounts or omnibus accounts.

Currently, duPont Glore Forgan, Incorporated is in the design stage of developing an allocation formula which will enable us to determine whether or not fails and loans are against firm or customer positions. Your decision on continuous net settlements will have an impact on this allocation.

Please respond readily so that the appropriate system support can be programmed and tested in time to meet our initial report.

Very truly yours,

duPont, Glore Forgan, Inc.

William B. Aimetti,

Assistant Vice President

cc: Fred Stock, Jr.

New York Stock Exchange

DEC 27 1972

Mr. William Aimetti

One Wall Street

New York, New York 10005

duPont, Glore Forgan, Inc

Dear Mr. Aimetti:

In your letter dated December 11, 1972 you request explanation as to the treatment accorded money balances in "continuous net settlement" systems for the clearance and settlement of securities transactions between broker-dealers, for the purpose of compliance with Rule 15c3-3 under the Securities Exchange Act of 1934.

For purposes of paragraph (e) of Rule 15c3-3, the net money balance owing to or due from the clearing system arising from securities transactions, appropriately computed pursuant to the particular system, is considered a "fail account" to be included in the computation of the reserve requirement as either a "fail to receive" or a "fail to deliver," as appropriate. However, you are reminded that the amounts so included should include only those amounts, pertaining to customers related transactions. Accordingly, the net balance so included should be adjusted for amounts arising from non-customer transactions.

We call your attention to the fact that the program embodied in Rule 15c3-3 is new, involving unique considerations, and that we will be monitoring and evaluating the Rule as we acquire experience.

Accordingly, we will be reassessing our interpretations in light of the experience gained and urge you to be

aware of subsequent interpretations which may arise under this Rule.

Sincerely,

Lee A. Pickard

Associate Director