

SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549

Ms. Rochelle K. Pullman

First Boston (Puerto Rico), Inc.

1020 Banco Popular Center Hato Rey, Puerto Rico 00918-1075

Dear ms. Pullman:

This letter is in response to your letter dated December 12, 1989, in which you request a no-action letter from the Division of Market Regulation ("Division") stating that the Division will not recommend any action if First Boston (Puerto Rico), Inc. ("FBPRI") does not file the Securities Investor Protection Corporation ("SIPC") supplemental report and accompanying opinion of an independent public accountant as required by paragraph (e)(4) of Securities Exchange Act Rule 17a-5 (17 C.F.R. § 240.17a-5).

You state in your letter that FBPRI is a registered broker-dealer and is a guaranteed subsidiary of The First Boston Corporation ("FBC"), also a registered broker-dealer. In accordance with generally accepted accounting principles, FBC consolidates into its financial statements, which are filed pursuant to paragraph (d) of Rule 17a-5, the financial data of FBPRI. As required by Section 4(i) of the Securities Investor Protection Act of 1970, FBC computes its gross revenues from the securities business on a consolidated basis so that they include FBPRI's gross revenues from the securities business. Therefore, FBC's SIPC supplemental report, which must include such things as the SIPC annual general assessment reconciliation, covers both FBC and FBPRI.

Based upon the foregoing representations, the Division will not recommend any action to the Commission if FBPRI does not file the SIPC supplemental report and the accompanying opinion of an independent public accountant. You should be aware that the position expressed herein is necessarily confined to the facts as you have represented them, and any change may warrant a different conclusion.

Furthermore, this position is a staff position concerning enforcement action only and does not purport to express any legal conclusion on this matter.

First Boston (Puerto Rico), Inc.

1020 Banco Popular Center

Hato Rey Puerto Rico 00918-1075

Tel: 809 766-1200

December 12, 1989

Mr. Michael A. Macchiaroli

Assistant Director

Division. of Market Regulation

Securities and Exchange Commission

450 Fifth Street, N.W. Washington, DC 20546

Re: Exception from Rule 17a-5(e)(4)

Dear Mr. Macchiaroli:

First Boston (Puerto Rico), Inc. ("FBPRI") hereby requests a letter from the Division of Market Regulation that it will not recommend enforcement action to the Securities and Exchange Commission if FBPRI does not file a Securities Investor Protection Corporation ("SIPC") supplemental report (and related accountant's opinion) as required pursuant to Rule 17a-5(e)(4).

FBPRI, a registered broker-dealer, is a guaranteed subsidiary of The First Boston Corporation ("FBC"), also a registered broker-dealer. According to generally accepted accounting principles, FBPRI's financial data is included in FBC's consolidated financial statements filed pursuant to Rule 17a-5(d) promulgated under the Securities Exchange Act of 1934. FBC also files consolidated SIPC assessments pursuant to Section 4(i) of the Security Investor Protection Act of 1970. As required, FBC's consolidated assessments include FBPRI's "gross revenues from the securities business", the basis of the SIPC assessment. FBC's SIPC supplemental report and related accountant's opinion, therefore, cover both FBC and FBPRI.

Based on the foregoing, in view of the fact that SIPC fees are based on FBC's consolidated financial statements which already include FBPRI's consolidated

financial statements which already include FBPRI's earnings, FBPRI requests that the staff confirm that it will not recommend enforcement action if FBPRI does not file a separate supplemental report and related accountant's opinion pursuant to Rule 17a-5(e)(4).

If you have any questions or need any further information, please feel free to contact me at (212) 322-1787.

Sincerely,

Rochelle K. Pullman

Vice President

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