

Mesirow Financial Corporation

135 South LaSalle Street

Chicago, IL 60603

TELEPHONE(312) 443-5700

June 12, 1987

Mr. Michael Macchiaroli

Assistant Director

Division of Market Regulation

Securities and Exchange Commission

450 5th Street, N.W.

Washington, D.C. 20549

Dear Mr. Macchiaroli:

Mesirow and Company, Inc., a New York Stock Exchange broker/dealer, formally requests a no action letter in the following circumstances:

Mesirow and Company, Inc., a clearing and carrying broker/dealer, maintains security accounts for its parent company, Mesirow Financial Holdings and those sister corporations which are 100% wholly owned by Mesirow Financial Holdings, Inc. Attached is a copy of our legal structure detailing all the sister corporations.

It is our belief that these wholly owned subsidiaries are non-customers due to the common control and ownership by the officers and stockholders of Mesirow Financial Holdings, Inc.

Any of these sister corporations may, from time to time, maintain security positions and/or money balances at Mesirow and Company, Inc., the broker/dealer. We believe these securities or cash balances would not be subject to the protection under SIPC and, consequently, should be deemed non-customer in the preparation of the Reserve Formula requirements and Possession and Control requirements under SEC Rule 15c3-3.

Mesirow has historically treated its parent as a non-customer and has never been questioned by either the Securities Exchange Commission examinations or the New York Stock Exchange examinations. We believe that since those sister corporations that are 100% wholly owned by the parent, the same non-customer status should apply. We desire the Commissions' opinion on this issue. We would appreciate a prompt response to our no action letter and should you need any other information, please do not hesitate to call.

Very truly yours,

Philip M. Petraitis

Vice President

Internal Audit

July 13, 1987

Phillip M. Petraltis

Vice President, Internal Audit

Mesirow Financial Corporation

135 South LaSalle Street

Chicago, Illinois 60603

Dear Mr. Petraltis:

In your letter dated June 12, 1987, you ask whether the securities accounts carried by Mesirow and Company, Inc. ("Mesirow") for its parent company and sister corporations which are 100% wholly owned by its parent should be treated as "customer" accounts for purposes of Rule 15c3-3 under the Securities Exchange Act of 1934.

You state that any of these sister corporations may, from time to time, maintain security positions and/or money balances at Mesirow, the broker-dealer. You believe these securities or cash balances would not be subject to protection under SIPC and, consequently, should be deemed non-customer in the preparation of the

Reserve Formula requirements and Possession and Control requirements under Rule 15c3-3.

You further state that Mesirow has historically treated its parent as a non-customer.

The term "customer" as defined in Rule 15c3-3 means:

"any person from whom or on whose behalf a broker or dealer has received or acquired or holds funds or securities for the account of that person." Rule 15c3-3(a)(1)

The definition of the term excludes from coverage certain specifically named classes of persons. "X6A 1

It is the view of the Division of Market Regulation that a parent or sister corporation of a broker-dealer (unless otherwise within the exclusionary language of the definition of "customer") is a customer of that broker-dealer for purposes of Rule 15c3-3. If an account of any of those persons is properly subordinated to the claims of creditors of the broker or dealer, that account would not be deemed to be a customer account for purposes of Rule 15c3-3.

The provisions of Note (E)(4) to the Formula for "XADd"XBDetermination of Reserve Requirements for Brokers and Dealers should be noted when the account of a related person to the broker-dealer shows a debit balance.

Sincerely,

Michael A. Macchiaroli

Assistant Director