

MIDWEST STOCK EXCHANGE, INCORPORATED

120 South LaSalle Street

Chicago, Illinois 60603

TELEPHONE(312) 368-2222

April 11, 1977

Mr. Nelson Kibler

Securities and Exchange Commission

500 North Capitol Street, N.W.

Washington, D.C. 20549

RE: Interpretation of Rule 15c3-3

Dear Mr. Kibler:

Recently our staff received the following interpretation by telephone from Mr. Bob Smith of your office and the Exchange would appreciate an official confirmation of it:

Where a customer has delivered in certificates pursuant to a sale, and the same certificates are found not to be in good deliverable form and sent to transfer after payment is made to the customer, the related fail to deliver may be included in the computation of reserve requirement under Rule 15c3-3 until either the certificates are received from the transfer agent or thirty (30) days from settlement date have elapsed, whichever occurs first.

Sincerely,

John H. Graham

Senior Examiner

Department of Member Firms

April 25, 1977

Mr. John H. Graham

Midwest Stock Exchange, Inc.

120 South LaSalle Street

Chicago, Illinois 60603

Dear Mr. Graham:

In your letter of April 11, 1977 you request an interpretation as to whether a failed to deliver of customers' securities not older than 30 calendar days, arising from certificates found not to be in good deliverable form and sent to transfer after payment is made to the customer, may be included in Item 12 of the Formula for Determination of Reserve Requirement of Brokers and Dealers under Rule 15c3-3 (17 CFR 240.15c3-3) under the Securities Exchange Act of 1934 ("the Act").

It is the view of the Division that a failed to deliver of customers' securities not older than 30 calendar days related to securities in transfer may be included in Item 12 of the Reserve Formula provided that the appropriate and necessary papers have been attached to such securities in transfer to allow for the timely transfer of such securities.

If you have further questions, please contact us.

Sincerely,

Gary Miller

Staff Accountant