



DIVISION OF  
MARKET REGULATION

NC 170

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

August 17, 1981

Mr. Douglas Parrillo  
National Association of  
Securities Dealers, Inc.  
1735 K Street, N.W.  
Washington, D.C. 20006

Dear Mr. Parrillo:

We understand that a number of brokers and dealers designated to the National Association of Securities Dealers, Inc, for examination are carrying assets in the form of receivables secured solely by letters of credit which the NASD has deemed to be readily convertible into cash for net capital purposes.

The Division has consistently held that an asset not otherwise readily convertible into cash secured only by a letter of credit (whether collateralized or not) must be deducted from net worth in computing net capital.

Sincerely,

Nelson S. Kibler  
Assistant Director

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REGULATORY  
POLICY AND  
PROCEDURES