



SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

DIVISION OF
MARKET REGULATION

April 20, 1983

File → 15c3-3 ExH A Question 10

Mr. Robert Bishop
New York Stock Exchange, Inc.,
55 Water Street
New York, New York 10041

Dear Mr. Bishop:

It has come to the attention of the Division of Market Regulation that some of the member firms of the New York Stock Exchange, Inc. have misconstrued the Formula for Determination of Reserve Requirements for Brokers and Dealers under Rule 15c3-3, in connection with the use of customers' free credit balances to finance non-purpose loans.

One of the primary ends of the reserve calculation was to prevent the use of customers' funds by broker-dealer for its business activities other than those related to customers' securities transactions. It is the view of the Division that, at the minimum, this means that broker-dealers should not include as debit items in the Formula receivables arising out of credit extended and maintained under Section 4(f)(8) of Regulation T, no matter to whom the credit was extended.

We request that you advise the member firms of this interpretation.

Sincerely,

Edward A. Kwalwasser
Associate Director