



DIVISION OF
MARKET REGULATION

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

April 1, 1986

Mr. Charles W. Miller
Corporate Attorney
Olde & Co., Incorporated
735 Griswold
Detroit, MI 48226

Dear Mr. Miller:

In your letter dated March 29, 1985, you ask whether a broker-dealer may sell and deliver proprietary securities which have been deposited in the Special Reserve Bank Account for the Exclusive Benefit of Customers pursuant to Securities Exchange Act Rule 15c3-3 (17 CFR 240.15c3-3).

Olde intends to adopt a program whereby a portion of the amount on deposit in its Reserve Account will be composed of "Qualified Securities" as defined in Rule 15c3-3(a)(6). Olde understands that any and all such securities on deposit in its Reserve Accounts would be "haircut" in computing the firm's net capital.

From time-to-time, Olde is afforded the opportunity to bid on securities orders from retail customers, typically financial institutions, which are directed to "Qualified Securities". You point out that Rule 15c3-3(g) may prohibit Olde from filling such customer orders by sale of qualified securities held in the Reserve Account due to the time required to make a Reserve Account calculation. */

Olde proposes to enter into trust agreements with one or more of its custodian banks whereby the bank, as trustee, would

*/ Rule 15c3-3(g) provides in part:

"A broker or dealer may make withdrawals from his reserve bank account if and to the extent that at the time of the withdrawal the amount remaining in the reserve bank account is not less than the amount then required by paragraph (e) . . . On any business day on which a withdrawal is made, the broker or dealer shall make a record of the computation on the basis of which he makes such withdrawal. . . ."

Mr. Miller
Page Two

accept instructions to deliver qualified securities held in Olde's Reserve Accounts only upon receipt of funds equal to, or in excess of, the market value of the securities to which the delivery instructions relate.

Under the circumstances described above, the Division will recommend no action to the Commission if Olde sells and delivers its proprietary securities which have been deposited into the Reserve Account without making a Rule 15c3-3 Reserve Account computation, if simulatanously with the withdrawal of the securities from the account, federal funds or qualified securities as least equal to the value of the withdrawn securities are deposited into the Reserve Account.

Sincerely,

Michael A. Macchiaroli

Michael A. Macchiaroli
Assistant Director

March 29, 1985

Mr. Michael MacChiaroli
Assistant Director
Division of Market Regulation
Securities and Exchange Commission
450 Fifth Street, NW
Washington, DC 20549

RE: Securities Exchange Act of 1934
Rule 15c3-3(g)
Request for Partial Exemption
pursuant to 15c3-3(k)(3);
or No-Action position

Dear Mr. MacChiaroli:

I am counsel for OLDE & Co., Incorporated ("OLDE"), a broker-dealer registered under the Securities and Exchange Act of 1934. On behalf of OLDE, I hereby request that the Commission, pursuant to 15c3-3(k)(3) and under the limited circumstances recited hereafter, partially exempt OLDE from the provision of Rule 15c3-3(g) which states that, "On any business day on which a withdrawal is made, the broker or dealer shall make a record of the computation on the basis of which he makes such withdrawal, and he shall preserve such computation in accordance with Rule 17a-4". In the alternative, it is respectfully requested that the Division of Market Regulation take a no-action position with respect to the facts stated hereafter.

OLDE intends to adopt a program whereby a greater portion of the assets on deposit in customer reserve bank accounts is composed of "Qualified Securities" as defined in Rule 15c3-3(a)(6), such as certificates of the Government National Mortgage Association ("Ginnie Maes"), certificates of the Federal National Mortgage Association ("Fannie Maes"), and Treasury Issues. It is understood by OLDE that any and all such securities on deposit in its reserve accounts would be subject to "haircut" in computing the firm's net capital.

From time-to-time OLDE is afforded the opportunity to bid on securities orders from retail customers, typically financial institutions, which are directed to "Qualified Securities" as defined in Rule 15c3-3(a)(6). Rule 15c3-3(g) effectively prohibits OLDE from filling such customer orders by sale of Qualified Securities held in 15c3-3 reserve accounts due to the time required to make a reserve account calculation.

Mr. Michael MacChiaroli
March 29, 1985
Page 2

OLDE proposes to enter into trust agreements with one or more of its custodian banks whereby the bank as trustee would accept instructions to deliver Qualified Securities held in OLDE's customer reserve accounts only upon receipt of funds equal to, or in excess of, the market value of the securities to which the delivery instructions relate. In effect, therefore, the delivery by the bank of the securities listed in the delivery instructions would constitute only a substitution and not a withdrawal.

The principal purpose of the prior computation requirement of Rule 15c3-3(g) is to assure that a broker-dealer does not decrease the amounts retained in customer reserve accounts without first computing its reserve requirement and determining that such a withdrawal is permissible. Further, the broker-dealer is required to preserve a record of the reserve computation for examination by regulatory authorities. It is respectfully submitted that the transactions described do not present any risk that OLDE will diminish its customer reserve accounts without the safeguard of the prior computation requirement, since only substitutions of cash for securities could occur without a prior computation, and the cash received by a trustee bank under such transactions would have to equal or exceed the market value of securities to be delivered.

If you require further information about this request, please feel free to contact the undersigned at any time.

Respectfully yours,

OLDE & CO., INCORPORATED



Charles W. Miller
Corporate Attorney
Olde & Co., Incorporated
735 Griswold
Detroit, MI 48226
(313) 961-6666 Ext. 414

CWM/km