Mr. Michael A. Macchiaroli

Assistant Director

Compliance & Financial Responsibility

Division of Marketing Regulation

Security & Exchange Commission

450 5th Street, N.W. Washington, DC 20549

Dear Mr. Macchiaroli:

I am counsel for OLDE & Co., Incorporated ("OLDE"), a broker-dealer registered under the Securities and Exchange Act of 1934. Please provide us with an interpretive opinion regarding a proposed relationship we are considering developing with a state chartered credit union.

OLDE & Co., Incorporated is considering the feasibility of maintaining control over U.S. Governmental Securities by depositing them with the Federal Reserve through two entities: Investors Credit Union, chartered in the State of Ohio and the Ohio League Corporate Credit Union Inc. Investors Credit Union has a membership base consisting of OLDE & Co., Incorporated and the employees and customers of OLDE & Co., Incorporated. The Ohio League Corporate Credit Union Inc., ("Ohio League") is a league of many different credit unions chartered in the State of Ohio. The league offers many services to Ohio credit unions including receiving credit union deposits, wire transfer services and check collection services. In addition, the Ohio League has direct access to the Federal Reserve.

The relationship we are considering would operate as follows: First, the customer would be shown on the books of OLDE & Co., Incorporated as being the owner of the securities in his account at OLDE. Second, OLDE & Co., would have an omnibus account with Investors Credit Union in which all the U.S. Government Securities that OLDE holds for its customers would be listed under the name of OLDE & Co., Incorporated. Third, Investors Credit Union would have an omnibus account with the Ohio League in which all the Securities of OLDE customers would be included. Finally, the Ohio League which has direct access to the Federal Reserve, would have

an omnibus account with the Federal Reserve in which the Government Securities of the customers of OLDE & Co., Incorporated would be deposited.

The key to the relationship, and the main reason why we feel our customer's securities would be fully protected lies in the fact that neither OLDE, Investors Credit Union or the Ohio League would ever have actual possession of the securities. All securities falling within this arrangement would be deposited directly with the Federal Reserve.

Rule 15c3-3 of the Securities Exchange Act of 1934 specifies the requirements for protection of customers reserves and securities. It is my understanding of this rule that in general, a broker-dealer is required to obtain and maintain physical possession or control of all fully paid securities and excess margin securities carried by a broker dealer for the account of its customers. Rule 15c3-3(b)(1). Control of securities as used in (c)(5) of Rule 15c3-3(c) includes the custody or control of a bank as defined in the Rule or section 3(a)(6) of the Act. Setting aside for a moment Section 3(a)(6) of the Act, Rule 15c3-3(c) also defines "bank" in Section (a)(7), which states in part that "bank" means "any building and loan, savings and loan or similar banking institution subject to supervision by a Federal Banking Authority". It is my belief that any definition of bank would encompass the activities of the Ohio League since the Ohio League is a conglomerate of credit unions chartered in Ohio and the Institution acts as a depository for the various Ohio credit unions and has direct access to the Federal Reserve. Therefore, it seems clear that The Ohio League Corporate Credit Union Inc. would fall within the definition of "bank" as used in the Act.

In addition, I believe that the inclusion of the words "or similar banking institution" as used in Section (a)(7) of Rule 15c3-3(c) was meant to encompass the modern credit union concept since the functioning of a bank and many credit unions are similar in the type of services they offer. Finally, the credit union in question is subject to the "supervision by a Federal Banking Institution" as required in section (a)(7) of Rule 15c3(a) by virtue of its relationship with the Federal Reserve.

If, however, it is determined that that portion of Section (A)(7) of Rule 15c3-3(A) does not include a credit union it is our belief that section 3(A)(6) of the act does. For purposes of this letter the relevant portion of section 15c3(a)(6)(c) states:

"Any other banking institution, whether incorporated or not, doing business under the laws of any state or of the United States, a substantial portion of the business of which consists of receiving deposits or exercising fiduciary powers similar to those permitted to National Banks under section 11 (K) of the Federal Reserve, as amended and which is supervised and examined by state or Federal authority having supervision over banks, and which is not operated for the purpose of evading the provision of this title."

Applying the facts to the relevant provision of section 3(a)(6)(c) it is without doubt that Investors Credit Union will provide services similar to a banking institution since its services will include members deposits, loans, checking and ATM capabilities. In addition, the credit union will be incorporated and under the jurisdiction of the laws of the State of Ohio with a substantial portion of its business being the receipt of deposits. Finally, Investors Credit Union is under the supervision of a state authority having authority over banks since the Division of Credit Unions is a division of the Department of Banking in Ohio.

As a result, it is our belief that a broker-dealer such as OLDE & Co. can use Investors Credit Union as a vehicle for the safe-keeping of securities. It should be emphasized that the securities deposited with the credit union will be in fact deposited at the Federal Reserve.

In conclusion, it is our belief, that given the nature of the credit union in question and our relationship with it, an application of the Rules and sections of the Securities Exchange Act of 1934, as quoted above, indicates that a credit union can be a permissible entity for the holding of securities. Therefore, please review this letter and the relevant portions of the Act and provide us with an opinion on the matter.

If you have any questions or need further explanation of the proposed relationship, please call.

Very truly yours, OLDE & CO., INCORPORATED

Michael J. Batalucco

Corporate Attorney

May 28, 1986

Michael J. Batalucco, Esq.

Corporate Attorney

Olde & Co., Inc.

735 Griswold Street Detroit, Michigan 48226

Dear Mr. Batalucco:

This is in response to your letter dated February 18, 1986, in which you request, on behalf of Olde & Co., ("Olde") an interpretation of Rule 15c3-3, the Customer Protection Rule, under the Securities Exchange Act of 1934 ("the Act") (17 CFR §240.15c3-3). Specifically, you inquire as to whether a state chartered credit union can be considered a good control location pursuant to paragraph (c) of the Rule.

I understand the pertinent facts to be as follows: Olde is a registered broker-dealer. Olde is considering the feasibility of depositing and maintaining their customers' fully paid and excess margin uncertificated United States government securities at Investors Credit Union ("ICU") and Ohio League Corporate Credit Union Inc., ("OLCCU"). ICC has a membership consisting of Olde and its employees and customers. OLCCU is a league of many different credit unions chartered in the State of Ohio, and "has direct access to the Federal Reserve". The government securities, under the arrangement that you proposed, would be purchased and held by OLCCU on an omnibus basis on behalf of ICC customers. ICC will then hold the government securities in an omnibus account on behalf of Olde. Finally, Olde will then register and hold the securities in the customer's name on its books.

Rule 15c3-3(b) requires a broker-dealer to obtain promptly the physical possession or control of all fully-paid and excess margin securities carried for the accounts of customers. Paragraph (c) of Rule 15c3-3 in effect defines "control" for purposes of paragraph (b). Securities within the control of a broker-dealer are deemed to be securities which are located in one of seven "control locations" as defined in paragraph (c). One of these "control locations" pursuant to subparagraph (c)(5) are banks as that term is defined in Section 3(a)(6) of the Act. Section 3(a)(6) defines banks as follows:

"... (A) a banking institution organized under the laws of the United States, (B) a member bank of the Federal Reserve System, (C) any other banking institution, whether incorporated or not, doing business under the laws of any State or of the United States, a substantial portion of the business of which consists of receiving deposits or exercising a fiduciary power similar to those permitted to national banks under section 11 (k) of the Federal Reserve Act, as amended, and which is supervised and examined by State or Federal authority having supervision over banks, and which is not operated for the purpose of evading the provisions of this title, and (D) a receiver, conservator, or other liquidating agent of any institution or firm included in clauses (A)(B)(C) of this paragraph."

State chartered credit unions do not meet the definition of bank in Section 3(a)(6) of the Act. Therefore state chartered credit unions cannot be considered good control locations pursuant to the provisions of paragraph (c) of Rule 15c3-3, the Customer Protection Rule. Moreover, based on the circumstances described in your letter, we cannot otherwise grant your request.

If you have any further questions, please call or write.

Sincerely,

Michael A. Macchiaroli

Assistant Director