

ROGERS & LAMB

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TELEPHONE(212) 962-3988

July 22, 1977

Securities Exchange Commission

500 North Capitol Washington D.C. 20549

Att: Mr. Roger Smith

Dear Sirs:

In reviewing the Uniform Net Capital Rules we note that securities guaranteed as to principal or interest by the United States or any agency thereof, require a lesser percentage haircut than municipal securities.

Part of our firm inventory includes Public Housing Authority (PHA) bonds which are backed as to principal and interest by the United States. Until recently we have included these securities as municipals and applied the applicable percentage haircuts thereto. With the prior approval of the National Association of Securities Dealers, Inc. Philadelphia, we have now changed this procedure, and our PHA bonds are classified as government securities for haircut purposes.

Please advise if this application of government security percentages to PHA bonds is a proper interpretation, and in compliance with the Net Capital Rules as it relates to securities haircuts.

Very Truly Yours,

ROGERS & LAMB

Patrick McIntyre

Operations Manager

AUG 30 1977

Mr. Patrick McIntyre

Operations Manager

Rogers & Lamb

999 Mt. Kemble Avenue Morristown, New Jersey 07960

Dear Mr. McIntyre:

This is in response to your letter of July 22, 1977, in which you inquire as to the haircut treatment, under the Commission's net capital rule for broker-dealers, of Public Housing Authority bonds guaranteed as to principal and interest by the United States. Such bonds are "Government Securities" for purposes of the net capital rule and, as such, subject to a maximum three percent haircut.

I trust this information is helpful.

Sincerely,

Phillip M. Houston, Jr.

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