

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

Mr. John T. Gabriel

Senior Vice President

Wall Street Clearing Co.

17 Battery Place New York, New York 10004

Dear Mr. Gabriel:

April 11, 1984

This is in response to your March 19, 1984 letter on behalf of Wall Street Clearing Corporation ("Wall Street") wherein you request an interpretative position from the Division with respect to withdrawals made from the "Special Account for the Exclusive Benefit of Customers" ("Special Reserve Account") pursuant to Rule 15c3-3(g) of the Securities Exchange Act of 1934.

Specifically, you ask whether Wall Street may withdraw funds from the Special Reserve Account at any time during the week following a Friday computation showing that the deposit is not required. For purposes of illustration, you present the following hypothetical: the broker-dealer's Friday computation discloses an excess of debits over credits of \$1 million while the balance in the Special Reserve Account is \$500,000. You ask at what time can the \$500,000 be withdrawn without a second reserve computation.

Rule 15c3-3(g) requires broker-dealers to make a current reserve requirement computation prior to the withdrawal of funds from the Special Reserve Account. If as in your example, the Friday computation discloses that a deposit is no longer required, the broker-dealer has until one hour after the opening of banking business on Tuesday morning to make the withdrawal. With respect to withdrawals made within this timeframe, the broker-dealer's weekly computation serves as the pre-withdrawal computation required under paragraph (g).

If the broker-dealer intends to withdraw the funds later than Tuesday morning, an additional computation will be required. The broker-dealer has until one hour after the opening of banking business on the second business day following the

recomputation to withdraw excess funds from the Special Reserve Account. This interpretation recognizes the fact that the items in the Formula have likely changed since the original computation and a withdrawal might not then be appropriate.

Therefore, if the broker-dealer in your example seeks to make the withdrawal on Tuesday afternoon, it must make a reserve requirement computation that includes Monday's transactions. The broker would then have until one hour after the opening of banking business on Wednesday to make the appropriate withdrawal. This position necessarily presumes that the broker-dealer is not aware of any extraordinary increase in credits or reduction in debits occurring on the first day after the computation, i.e., Tuesday in the above example.

If you have any further questions, please feel free to call.

Sincerely,

Michael P. Jamroz

Staff Accountant

Text converted by optical character recognition (OCR) of scanned document.
May not accurately reflect original document.