



DIVISION OF
MARKET REGULATION

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

July 30, 1997

Mr. Brandon Becker
Wilmer, Cutler & Pickering
2445 M Street, N.W.
Washington, D.C. 20037-1420

Re: Application for Control Location for Private Partnership Interests

Dear Mr. Becker:

We have received your letter of May 27, 1997 on behalf of Charles Schwab & Co., Inc. ("Schwab") in which you request, pursuant to paragraph (c)(7) of Rule 15c3-3 (17 CFR 240.15c3-3) under the Securities Exchange Act of 1934 ("Exchange Act"), approval of the general partner of a limited partnership as a good control location.

I understand the following facts to be pertinent to Schwab's request. Certain Schwab customers have expressed an interest in purchasing units of private partnerships that are not required to be registered with the Securities and Exchange Commission ("Commission") under the Securities Act of 1933 ("Securities Act"). Since these private partnerships would not issue certificates evidencing ownership of the limited partnership units, upon the submission of an accepted subscription agreement, Schwab will receive a confirmation and acknowledgment from the general partner. Schwab proposes to carry its customers uncertified, private limited partnership units on its books and records.

The uncertified, private limited partnership units are securities, which if carried by a broker-dealer for the account of a customer must be in the broker-dealer's possession or control pursuant to paragraph (b) of Rule 15c3-3. Generally, if no certificate is issued by the general partner, the broker-dealer could not have possession or control of the units.

Nevertheless, based on the foregoing facts and representations, the Division of Market Regulation ("Division"), pursuant to paragraph (c)(7) of Rule 15c3-3, will not recommend enforcement action to the Commission if Schwab treats the general partner of each such private partnership to be a good control location, provided that:

- (a) Schwab carries the uncertificated, private limited partnership units "long" in customers' accounts;
- (b) Schwab will reflect separately for the securities of each limited partnership all positions in its securities records or ledgers maintained pursuant to Rule 17a-3 under the Exchange Act;

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- (c) Schwab is not aware of any substantial problems of an operational nature which the partnership may be experiencing and which may endanger the interests of the customer;
- (d) Schwab will obtain written assurances that limited partnership interests are not subject to any right, charge, security interest, lien, or claim of any kind in favor of the general partner or any person claiming through the general partner;
- (e) The partnership units are registered with the Commission pursuant to the Securities Act, exempt from registration, or not required to be registered; and
- (f) Schwab will maintain in a separate file a current list of all private partnerships of which limited partner interests will be carried on its books and records subject to the terms and conditions set forth above in this letter. The list will contain the name of the contact person, telephone number, and address for each partnership.

You should understand that this is a staff position with respect to enforcement only, and does not purport to state any legal conclusions on this matter. The Division's position is confined to the facts as described herein. Any material change in circumstances may warrant a different conclusion and should be brought immediately to the Division's attention.

Sincerely,

Marc J. Hertzberg
Marc J. Hertzberg
Attorney

cc: Doreen Ford, NYSE