NEWS

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549
(202) 272-2650

FOR IMMEDIATE RELEASE: 85-16

COMMISSION TO CONSIDER PROPOSAL TO AMEND RULE 15c3-3

Washington, March 14, 1985 -- The Securities and Exchange Commission will consider issuing for public comment amendments to the Customer Protection Rule at an open meeting to be held on Monday, March 18, 1985 at 2:30 p.m. in the Commission Meeting Room (Rm. 1C30), 450 Fifth Street, N.W., Washington, D.C.

Proposed Amendments

The Division of Market Regulation will propose, for consideration by the Commission, amendments to Rule 15c3-3 of the Securities and Exchange Act of 1934. Commonly known as the Customer Protection Rule, Rule 15c3-3, in addition to requiring that broker-dealers have possession and control of customer securities, specifies that broker-dealers must compute periodically credits (customer money, or money obtained from use of customer securities) and debits (money owed to broker-dealers by cash or margin customers, or other broker-dealers). If credits exceed debits, broker-dealers must deposit the excess in a Reserve Bank Account. If debits exceed credits, no deposit is necessary. The Commission is being asked to consider amendments to the Rule that would revise the definition of customer, for purposes of the computation. One proposed amendment would exclude debit balances of household members and others related to principals of, or those affiliated with, broker-dealers, from the computation.

- more -

Another proposed amendment would revise an earlier interpretation regarding the definition of "customer" under the Rule, to provide that debit balances of joint accounts, custodian accounts, participations in hedge funds or limited partnerships and similar arrangements may be excluded from the debit items, based on percentage ownership. The third proposed amendment would impose a charge -- called the concentration charge -- against net capital if the broker-dealers' margin accounts with one customer exceed a specific percentage of that broker-dealer's tentative net capital. (Net capital is the amount of capital available for a broker-dealers' activities, after subtracting funds owed to it, and certain other items.) The amendment would not apply if the broker-dealer can demonstrate that debit balances are directly related to credit balances and also would, under certain circumstances, permit a broker-dealer's designated examining authority to permit debit balances which exceed the parameters of the rule.

These amendments were originally issued by the Commission for public comment in February 1984. Comments are reflected in the amendments to be considered on Monday; additional comments are being sought to ensure that the proposed amendments are not unduly burdensome.

# # #

CONTACT:

Mark D. Fitterman, Associate Director
Division of Market Regulation (202) 272-2830