

STATES

COMMISSION

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WASHINGTON, D.C. 20549


DIVISION OF
MARKET REGULATION

November 5, 1987

PUBLIC AVAILABILITY DATE: 12-07-87
ACT SECTION RULE
1934 15(c) 15c3-3

Maria I. Bowers
Associate Vice-President
A.G. Edwards & Sons, Inc.
One North Jefferson
St. Louis, Missouri 63103

Dear Ms. Bowers:

This letter is in response to your letter dated October 26, 1987 in which you request on behalf of A.G. Edwards & Sons, Inc. ("Edwards") that an "omnibus account" be designated as a good control location for purposes of Rule 15c3-3 of the Securities Exchange Act of 1934 (17 CFR 240.15c3-3).

I understand the pertinent facts to be as follows: Edwards will purchase a branch office of Shearson Lehman Brothers Inc. ("Shearson") on November 16, 1987. You intend to transfer Shearson's customer accounts to Edwards in a prompt and orderly fashion and with minimum disruption in the servicing of the accounts. In connection with the transfer of accounts from Shearson to Edwards, Edwards proposes to carry Shearson's customer positions in an "omnibus account". Customer accounts which are transferred will reflect all securities positions and money balances with the contra being an "omnibus account". Since the "omnibus account" will be short securities until Shearson delivers the securities, you inquire whether such account would be considered a good control location for purposes of Rule 15c3-3 for a period not to exceed 30 calendar days.

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. Since there is no question that Edwards does not have physical possession of the securities, they must be in a good control location in order to comply with the Rule. Paragraph (c) of Rule 15c3-3 in effect defines "control" for purposes of paragraph (b). Securities within the control of a broker or dealer are deemed to be securities which are located in one of seven "control locations" as described in paragraph (c). The first six control locations set forth specific circumstances in

Ms. Maria I. Bowers
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which securities shall be deemed to be under the control of a broker or dealer. The facts you have presented fit within none of these circumstances. The seventh category deems securities to be under the control of a broker-dealer where the securities are held in such other locations as the Commission shall, upon application from a broker or dealer, find and designate to be adequate for the protection of customer securities.

Under the circumstances set forth above and to facilitate the prompt and orderly transfer of accounts, we will deem the "omnibus account" carried by Edwards to be a control location adequate for the protection of customer securities for the purposes of Rule 15c3-3 where the securities are due from Shearson, Edwards has assumed the responsibility to clear these positions and Edwards has reflected all securities positions and money balances in the customer accounts that are transferred through this "omnibus account".

The securities, however, shall be deemed to be under the control of Edwards only for a period of 30 business days from the day that the "omnibus account" is posted on Edwards' books.

Pursuant to Delegated Authority,

Michael A. Macchiaroli

Michael A. Macchiaroli
Assistant Director

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SECURITIES & EXCHANGE COMMISSION
RECEIVED

OCT 29 1987

DIVISION OF MARKET REGULATION

October 26, 1987

Securities & Exchange Commission
455th Street
Washington, D.C. 20549

ATTN: Michael Macchiaroli
Assistant Director

Dear Mr. Macchiaroli:

We are purchasing a branch office from Shearson on Monday, November 16. We will be adjusting the clients' positions to our books versus an omnibus account.

We are writing this letter to request permission to treat this omnibus account as a valid control location for a period of 30 days.

We will await a response from you before taking this action.

Sincerely,

A.G. EDWARDS & SONS, INC.

Maria I. Bowers

Maria I. Bowers
Associate Vice-President
Manager Stock Records

MIB/pss

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