

**PART 200—ORGANIZATION;
CONDUCT AND ETHICS; AND
INFORMATION AND REQUESTS**

**Subpart A—Organization and Program
Management**

1. The authority section for Part 200, subpart A, continues to read, in part, as follows:

Authority: 15 U.S.C. 77s, 78d–1, 78d–2, 78w, 78ll(d), 78mm, 79t, 77sss, 80a–37, 80b–11, unless otherwise noted.

2. Section 200.30–3 is amended by revising paragraph (a)(10) to read as follows:

**§ 200.30–3 Delegation of authority to
Director of Division of Market Regulation.**

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(a) * * *

(10) (i) Pursuant to Rule 15c3–3 (§ 240.15c3–3 of this chapter) to find and designate as control locations for purposes of Rule 15c3–3(c)(7) (§ 240.15c3–3(c)(7) of this chapter) certain broker-dealer accounts which are adequate for the protection of customer securities.

(ii) Pursuant to section 36(a) of the Act (15 U.S.C. 78mm(a)) to review and, either unconditionally or on specified terms and conditions, grant or deny exemptions from the collateral requirements of paragraph (b)(3) of Rule 15c3–3 of the Act (§ 240.15c3–3 of this chapter) for a type of collateral after concluding that the characteristics of such collateral are substantially

comparable to the characteristics of a type of collateral previously exempted by the Commission.

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**PART 240—GENERAL RULES AND
REGULATIONS, SECURITIES
EXCHANGE ACT OF 1934**

3. The authority citation for Part 240 continues to read as follows:

Authority: 15 U.S.C. 77c, 77d, 77g, 77j, 77s, 77z–2, 77z–3, 77eee, 77ggg, 77nnn, 77sss, 77ttt, 78c, 78d, 78e, 78f, 78g, 78i, 78j, 78j–1, 78k, 78k–1, 78l, 78m, 78n, 78o, 78p, 78q, 78s, 78u–5, 78w, 78x, 78ll, 78mm, 79q, 79t, 80a–20, 80a–23, 80a–29, 80a–37, 80b–3, 80b–4, and 80b–11, unless otherwise noted.

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4. Section 240.15c3–3 is amended by removing the authority citation following § 240.15c3–3 and revising paragraph (b)(3)(iii) to read as follows:

**§ 240.15c3–3 Customer protection—
reserves and custody of securities.**

* * * * *

(b) *Physical possession or control of securities.* * * *

(3) * * *

(iii) Specifies that the broker or dealer:

(A) Must provide to the lender, upon the execution of the agreement or by the close of the business day of the loan if the loan occurs subsequent to the execution of the agreement, collateral, which fully secures the loan of securities, consisting exclusively of cash

or United States Treasury bills and Treasury notes or an irrevocable letter of credit issued by a bank as defined in section 3(a)(6)(A)–(C) of the Act (15 U.S.C. 78c(a)(6)(A)–(C)) or such other collateral as the Commission designates as permissible by order as necessary or appropriate in the public interest and consistent with the protection of investors after giving consideration to the collateral's liquidity, volatility, market depth and location, and the issuer's creditworthiness; and

(B) Must mark the loan to the market not less than daily and, in the event that the market value of all the outstanding securities loaned at the close of trading at the end of the business day exceeds 100 percent of the collateral then held by the lender, the borrowing broker or dealer must provide additional collateral of the type described in paragraph (b)(3)(iii)(A) of this section to the lender by the close of the next business day as necessary to equal, together with the collateral then held by the lender, not less than 100 percent of the market value of the securities loaned; and

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By the Commission.

Dated: March 11, 2003.

Margaret H. McFarland,

Deputy Secretary.

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