

account at the broker-dealer holding the co-mingled assets of the banks customers and the bank's customers are not aware that their assets are held by the broker-dealer?

*Answer #3*

No. The 401k account or bank trust account described above would not be subject to Rule 17a-3(a)(17).

*Question #4*

New Rule 17a-3(a)(17) provides that each registered broker-dealer must keep a record indicating that the broker-dealer has furnished all information required by paragraph (a)(17)(i)(A) to each customer or owner at specified intervals. To whom should this account record information be sent in the case of a trust?

*Answer #4*

In the case of a trust, the account record information should be sent to the same person that receives account statements for that account.

*Question #5*

A broker-dealer is required, pursuant to new paragraph 17a-3(a)(17)(i)(B), to provide a copy of the account record to the customer (i) Within 30 days after opening an account and thereafter at intervals no greater than every 36 months, and (ii) within 30 days after certain account record information has been changed. If one customer has a personal account, a separate IRA account, and a trust account for his child at the same broker-dealer, and has agreed in writing to receive account-related documentation, such as account statements, on a combined basis, may the firm meet its requirements under Rule 17a-3(a)(17) by combining in one mailing the account record information for all three accounts? Would the answer be different if spouses living at the same address each had a personal account and agreed to receive account documents on a combined basis for their personal accounts?

*Answer #5*

If the customer has agreed in writing to receive account-related documentation on a combined basis for multiple accounts at the same address, the broker-dealer may send account record information regarding each of those accounts to the customer in a combined mailing. However, the account record information should be separated by account so the customer can easily identify the account record information that relates to each account. If spouses living at the same address have agreed to receive account

documents on a combined basis for their personal accounts, the broker-dealer may send account record information regarding each of those accounts to the customer in a combined mailing.

*Question #6*

New paragraph (a)(17)(iii) of Rule 17a-3 requires that a broker-dealer create a record for each account indicating the customer or owner was furnished with a copy of each written agreement entered into on or after the effective date of the rule and that, if requested by the customer or owner, the customer or owner was furnished with a fully executed copy of each agreement. Would an instruction to wire monies out of a customer's account be considered a "written agreement," a copy of which must be provided to the customer pursuant to the new rule?

*Answer #6*

An instruction received by the broker-dealer from the customer would not constitute a written agreement for purposes of this rule. Examples of written agreements contemplated by this new paragraph would include customer account agreements, margin agreements, options agreements, or securities lending agreements. However, a written instruction sent by the customer to the broker-dealer would constitute a communication received by the broker-dealer relating to its business as such, and should be maintained in accordance with paragraph 17a-4(b)(4).

*Question #7, Parts A and B*

*Background*

A broker-dealer may create a team of associated persons to handle business with a particular customer rather than designating one associated person as being responsible for the account. In this situation, no individual team member is directly compensated for a particular transaction; instead, each transaction by that customer is credited to the team for compensation purposes. Consequently, when a member of the team creates an order ticket, the broker-dealer often only records the identity of the team on its order ticket as having entered the order.

*Part A*

New provisions to paragraphs (a)(6) and (a)(7) of Rule 17a-3 require a broker-dealer to record on the order ticket the identity of the associated person responsible for the account and the identity of the person who entered or accepted the order on behalf of the customer. If a broker-dealer has assigned a team of associated persons to a customer's account, must it record the

identity of a particular associated person on the order ticket to meet these new requirements?

*Answer #7, Part A*

In the Books and Records Release, the Commission stated that a firm may comply with Rule 17a-3(a)(6) and (a)(7) if it records on the order ticket an identification number or code assigned to the person entering or accepting the order or the computer terminal at which an order was entered or accepted, provided that the firm has created and maintained as part of the order ticket records a companion record that can be used to identify the associated person entering the order. Similarly, the broker-dealer may record the identity of the team on the order ticket, provided it creates and maintains a companion record that can be used to identify the associated person that entered that order. The companion record would be part of the firm's order ticket records and must be maintained, preserved, and available for examination in the same manner as the firm's order tickets.

*Part B*

New Rule 17a-3(a)(19)(i) requires a broker-dealer to create a record, as to each associated person, listing each purchase and sale of a security attributable for compensation purposes to that associated person. If a broker-dealer has created a team of associated persons as described above, must it create a separate duplicate record for each associated person listing each transaction attributed to the team to comply with this rule?

*Answer #7, Part B*

To comply with Rule 17a-3(a)(19)(i), a broker-dealer that has created a team of associated persons as described above may create a single record that identifies each transaction attributable to a particular team for compensation purposes provided that the firm also creates and maintains as part of this record a companion record that identifies each associated person that has been a member of that team, including the dates the person joined and left the team, and the manner in which compensation is allocated among the members of the team.

*Question #8*

New Rule 17a-3(a)(19)(i) requires each broker-dealer to create a record as to each associated person listing each purchase and sale of a security attributable, for compensation purposes, to that associated person. The record shall include the amount of compensation if monetary and a