

# Rules and Regulations

## Title 14—AERONAUTICS AND SPACE

### Chapter I—Federal Aviation Administration, Department of Transportation

[Docket No. 72-SO-118, Amdt. 39-1564]

#### PART 39—AIRWORTHINESS DIRECTIVES

##### Piper Model PA-34-200 Series Airplanes

There have been failures of the exhaust system on Piper Model PA-34 airplanes. This condition could result in hot exhaust gases in the engine compartment. Since this condition is likely to exist or develop in other airplanes of the same type design, an airworthiness directive is being issued to require inspection of the exhaust system for loose, broken and cracked ducts or flanges.

Since a situation exists that requires immediate adoption of this regulation, it is found that notice and public procedure hereon are impracticable and good cause exists for making this amendment effective in less than 30 days.

In consideration of the foregoing, and pursuant to the authority delegated to me by the Administrator, 31 F.R. 13697, § 39.13 of Part 39 of the Federal Aviation regulations is amended by adding the following new airworthiness directive:

**Piper:** Applies to PA-34-200 airplanes, Serial Numbers 34-E4 and 34-7250001 and up. Compliance required as indicated.

To insure that cracks are not present in the exhaust system, accomplish the following:

(a) For those airplanes with 25 or more hours' time in service on the effective date of this airworthiness directive, unless already accomplished within the last 25 hours' time in service, comply with paragraphs (c) and (d) within the next 10 hours' time in service and thereafter at intervals not to exceed 25 hours' time in service from the last inspection.

(b) For those airplanes with less than 25 hours' time in service on the effective date of this airworthiness directive, unless already accomplished, comply with paragraphs (c) and (d) upon the accumulation of 25 hours' time in service or within the next 10 hours, whichever is later, and thereafter at intervals not to exceed 25 hours' time in service from the last inspection.

(c) Open both left and right cowl doors on both right and left engines and make a thorough visual inspection of the exhaust system for any evidence of cracks or failed ducts or flanges.

(d) If the exhaust systems are found to contain cracked or broken ducts, flanges, or parts, replace with new replacement parts or repair the affected parts in accordance with Advisory Circular 43.13-1 before further flight.

Piper Service Bulletin No. 373 dated November 13, 1972, pertains to this subject.

This amendment is effective December 1, 1972.

(Secs. 313(a), 601, 603, Federal Aviation Act of 1958, 49 U.S.C. 1354(a), 1421, 1423; sec. 6(c), Department of Transportation Act, 49 U.S.C. 1655(c))

Issued in East Point, Ga., on November 17, 1972.

DUANE W. FREER,  
Acting Director, Southern Region.

[FR Doc.72-20444 Filed 11-28-72;8:48 am]

[Docket No. 12062, Amdt. 39-1568]

#### PART 39—AIRWORTHINESS DIRECTIVES

##### Rolls Royce Dart Series Engines

Amendment 39-1491 (37 F.R. 14757), AD 72-16-5 requires replacement of certain specified first and second stage impellers, installed on Rolls Royce Dart Series Models 506, 510, 511, 514, 525 through 529, 531, and 532 engines and all variants within the next 50 flights after the effective date of that AD or before reaching the specified life limits on those impellers. After issuing Amendment 39-1491, based on stress analyses, investigations of a service failure, and evaluations of high time Rolls Royce Dart Series engine impellers, the FAA has determined that service life limits are necessary for a number of impellers not covered by Amendment 39-1491. Therefore, the AD is being amended to provide for service life limits for an expanded group of impellers installed on Rolls Royce Dart Series engines.

Since a situation exists that requires immediate adoption of this regulation,

it is found that notice and public procedure hereon are impracticable and good cause exists for making this amendment effective in less than 30 days.

In consideration of the foregoing, and pursuant to the authority delegated to me by the Administrator (14 CFR 11.89), § 39.13 of Part 39 of the Federal Aviation regulations, Amendment 39-1491 (37 F.R. 14757), AD 72-16-5 is amended as follows:

1. The applicability statement is amended to read as follows:

ROLLS ROYCE (1971) LTD. Applies to Dart Series Models 506, 510, 511, 514, 525 through 529, 531, 532, and 542 engines and all variants.

2. The lead in sentence to paragraph (a) of the AD is amended by deleting the word "table" and inserting the word "tables" in place thereof.

3. Paragraph (b) is redesignated as paragraph (c) and a new paragraph (b) is added to read as follows:

(b) Within the next 50 flights after the effective date of this amendment, Amendment 39-1568, effective December 4, 1972, or before the accumulation of the number of flights specified in column 3, for the applicable impeller, whichever occurs later, and thereafter at intervals not to exceed the number of flights specified in column 3 replace the applicable impellers specified in column 2 when they are installed on the engines specified in column 1 with impellers having the same part number or a part number approved for that engine, which have not exceeded their life limits.

Column 1—Dart Engine Series	Column 2—Impellers	Column 3—Life Limits (flights)
Models 506, 510, 511, 514 and all variants.	First stage impellers incorporating Modification 1455.	14,000 since the incorporation of Modification 1455.
Models 525 through 529, 531, and 532 and all variants.	.....do.....	11,500 since the incorporation of Modification 1455.
Models 542-4 and 542-10 and all variants.	Second stage impellers incorporating all Pre-Modification 1455 modifications.	12,000.
	Second stage impellers incorporating Modification 1455.	16,000 since the incorporation of Modification 1455.
	Second stage impellers incorporating Modification 1475.	14,500.

This amendment becomes effective December 4, 1972.

(Secs. 313(a), 601, 603, Federal Aviation Act of 1958, 49 U.S.C. 1354(a), 1421, 1423; sec. 6(c), Department of Transportation Act, 49 U.S.C. 1655(c))

Issued in Washington, D.C., on November 21, 1972.

C. R. MELUGIN, JR.,  
Acting Director,  
Flight Standards Service.

[FR Doc.72-20443 Filed 11-28-72;8:48 am]

[Docket No. 12387; Amdt. 840]

#### PART 97—STANDARD INSTRUMENT APPROACH PROCEDURES

##### Miscellaneous Amendments

This amendment to Part 97 of the Federal Aviation regulations incorporates by reference therein changes and additions to the Standard Instrument Approach Procedures (SIAPs) that were recently adopted by the Administrator to promote safety at the airports concerned.

## RULES AND REGULATIONS

The complete SIAPs for the changes and additions covered by this amendment are described in FAA Forms 3139, 8260-3, 8260-4, or 8260-5 and made a part of the public rule making dockets of the FAA in accordance with the procedures set forth in Amendment No. 97-696 (35 F.R. 5609).

SIAPs are available for examination at the rules docket and at the National Flight Data Center, Federal Aviation Administration, 800 Independence Avenue SW., Washington, DC 20591. Copies of SIAPs adopted in a particular region are also available for examination at the headquarters of that region. Individual copies of SIAPs may be purchased from the FAA Public Document Inspection Facility, HQ-405, 800 Independence Avenue SW., Washington, DC 20591 or from the applicable FAA regional office in accordance with the fee schedule prescribed in 49 CFR 7.85. This fee is payable in advance and may be paid by check, draft or postal money order payable to the Treasurer of the United States. A weekly transmittal of all SIAP changes and additions may be obtained by subscription at an annual rate of \$150 per annum from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. Additional copies mailed to the same address may be ordered for \$30 each.

Since a situation exists that requires immediate adoption of this amendment, I find that further notice and public procedure hereon is impracticable and good cause exists for making it effective in less than 30 days.

In consideration of the foregoing, Part 97 of the Federal Aviation regulations is amended as follows, effective on the dates specified:

1. Section 97.23 is amended by establishing, revising, or canceling the following VOR-VOR/DME SIAP's, effective January 11, 1973:

Big Lake, Alaska—Big Lake No. 2 Airport, VOR Runway 6, Amdt. 3; Revised.

Dothan, Ala.—Dothan Airport, VOR-A, Amdt. 5; Revised.

Dothan, Ala.—Dothan Airport, VOR/DME Runway 13, Amdt. 5; Revised.

Dothan, Ala.—Dothan Airport, VOR/DME Runway 18, Amdt. 6; Revised.

Henderson, Ky.—Henderson City-County Airport, VOR-A, Amdt. 5; Revised.

Jacksonville, Fla.—Jacksonville International Airport, VOR Runway 31, Amdt. 2; Revised.

Joliet, Ill.—Joliet Municipal Airport, VOR Runway 13, Amdt. 1; Revised.

Spokane, Wash.—Spokane International Airport, VOR Runway 3, Amdt. 10; Revised.

\* \* \* Effective December 7, 1972:

Atlanta, Ga.—DeKalb-Peachtree Airport, VOR Runway 27, Amdt. 11; Revised.

Philadelphia, Pa.—Philadelphia Airport, VOR Runway 9R, Original; Established.

Philadelphia, Pa.—Philadelphia Airport, VOR/DME Runway 27R, Original; Established.

\* \* \* Effective November 22, 1972:

Alma, Ga.—Bacon County Airport, VOR Runway 15, Amdt. 2; Canceled.

\* \* \* Effective November 17, 1972:

Muskegon, Mich.—Muskegon County Airport, VOR/DME Runway 5, Amdt. 1; Revised.

\* \* \* Effective November 16, 1972:

Benton Harbor, Mich.—Ross Field, VOR Runway 27, Amdt. 11; Revised.

2. Section 97.25 is amended by establishing, revising, or canceling the following SDF-LOC-LDA SIAP's, effective January 11, 1973:

Jacksonville, Fla.—Jacksonville International Airport, LOC(BC) Runway 25, Amdt. 2; Revised.

Spokane, Wash.—Spokane International Airport, LOC(BC) Runway 3, Amdt. 7; Revised.

\* \* \* Effective December 14, 1972:

Fayetteville, Ark.—Drake Field, LOC Runway 16, Original; Established.

\* \* \* Effective December 7, 1972:

Atlanta, Ga.—DeKalb-Peachtree Airport, LOC Runway 20L, Original; Established.

3. Section 97.27 is amended by establishing, revising, or canceling the following NDB/ADF SIAP's, effective January 11, 1973:

Jacksonville, Fla.—Jacksonville International Airport, NDB Runway 7, Amdt. 3; Revised.

Spokane, Wash.—Spokane International Airport, NDB Runway 21, Amdt. 11; Revised.

\* \* \* Effective November 17, 1972:

Americus, Ga.—Souther Field, NDB Runway 22, Amdt. 2; Revised.

4. Section 97.29 is amended by establishing, revising, or canceling the following ILS SIAP's, effective January 11, 1973:

Jacksonville, Fla.—Jacksonville International Airport, ILS Runway 7, Amdt. 3; Revised.

Spokane, Wash.—Spokane International Airport, ILS Runway 21, Amdt. 15; Revised.

\* \* \* Effective December 7, 1972:

Philadelphia, Pa.—Philadelphia International Airport, ILS Runway 27R, Amdt. 1; Revised.

5. Section 97.31 is amended by establishing, revising, or canceling the following Radar SIAP's, effective January 11, 1973:

Spokane, Wash.—Spokane International Airport, Radar-1, Amdt. 8; Revised.

\* \* \* Effective December 7, 1972:

Philadelphia, Pa.—Philadelphia International Airport, Radar-1, Amdt. 13; Revised.

6. Section 97.33 is amended by establishing, revising, or canceling the following RNAV SIAP's, effective January 11, 1973:

Miami, Fla.—Opa Locka Airport, RNAV Runway 9L, Amdt. 1; Revised.

\* \* \* Effective December 7, 1972:

Atlanta, Ga.—DeKalb-Peachtree Airport, RNAV Runway 20L, Amdt. 3; Revised.

(Secs. 307, 313, 601, 1110, Federal Aviation Act of 1958; 49 U.S.C. 1438, 1354, 1421, 1510; sec. 6(c) Department of Transportation Act, 49 U.S.C. 1655(c), 5 U.S.C. 552(a)(1))

Issued in Washington, D.C., on November 22, 1972.

C. R. MELUGIN, Jr.,  
Acting Director,  
Flight Standards Service.

NOTE: Incorporation by reference provisions in §§ 97.10 and 97.20 (35 F.R. 5610) approved by the Director of the Federal Register on May 12, 1969.

[FR Doc. 72-20445 Filed 11-28-72; 8:48 am]

## Chapter II—Civil Aeronautics Board

## SUBCHAPTER A—ECONOMIC REGULATIONS

[Reg. ER-781; Amdt. 3]

## PART 241—UNIFORM SYSTEM OF ACCOUNTS AND REPORTS FOR CERTIFICATED AIR CARRIERS

## Miscellaneous Amendments

Adopted by the Civil Aeronautics Board at its office in Washington, D.C., on the 24th day of November 1972.

The purpose of this editorial amendment is to correct certain errors and omissions which have come to our attention, as follows: (1) A reference to the "Federal Aviation Agency" should be corrected to refer to the "Federal Aviation Administration"; (2) references to "Civil Air Regulations" should be corrected to refer to "Federal Aviation Regulations"; (3) the word "international" in the title of Z501 under section 19-5(e) should be corrected to read "inter-airport"; and (4) revisions should be made in the chart in section 7 (Chart of Profit and Loss Accounts) to correct the omission of item 83, repetition of item 84.2 and the jumbling of item 86.

In addition, we are re-inserting paragraph (g), section 25, Schedule T-3 which was inadvertently dropped when Regulation ER-586 was adopted on August 6, 1969 (34 F.R. 14584). However, we shall reinsert this paragraph (g) in section 19.2, instead of section 25, and this change, in turn, necessitates parallel revisions in paragraph (d)(12) of section 22 and paragraph (d)(11) of section 32, which refer to said paragraph (g).

This regulation is issued by the undersigned pursuant to a delegation of authority from the Board to the General Counsel in 14 CFR 385.19, and shall become effective on December 19, 1972. Procedures for review of this amendment by the Board are set forth in Subpart C of Part 385 (14 CFR 385.50 and 385.54).

Accordingly, the Board hereby amends Part 241 of the Economic Regulations (14 CFR Part 241) effective December 19, 1972, as follows:

1. Amend Section 03 to read in part as follows:

## Section 03—Definitions for Purposes of This System of Accounts and Reports

\* \* \* \* \*

*Airworthiness (or Airworthy)*—when applied to a particular aircraft or component part, it denotes the ability of

such aircraft or component part to perform its function satisfactorily through a range of operations determined by the Federal Aviation Administration.

2. Amend paragraph (f) of section 5-4 to read as follows:

**Sec. 5-4 Property and equipment depreciation and overhaul.**

(f) Each air carrier shall adopt procedures of accounting for airframe and aircraft engine overhauls as will effectively result in the allocation of total maintenance expense between accounting periods in accordance with the use of airframes and aircraft engines. When overhauls are scheduled in such a manner as will produce a relatively equitable allocation of maintenance costs between accounting periods, the cost of each overhaul may be expensed directly as performed. Under circumstances in which overhaul procedures are such that the direct expensing of overhaul costs will not result in an equitable allocation of total maintenance costs as between different accounting periods the air carrier shall apply, consistently with respect to all airframe and engine types for which direct expensing of overhaul costs will not effectively produce an equitable allocation of cost, the accounting procedures set forth in paragraph (g) of this section 5-4. For the purposes of this system of accounts and reports, an airframe or aircraft engine "overhaul" shall be deemed to encompass the total of those inspections or replacements of major components performed in piecemeal phases, or in one operation, as are required to be performed at specified maximum periodic intervals by the Federal Aviation Regulations to recertify that airframes or aircraft engines are in a completely airworthy condition. Costs which attach to the routine replacement of minor parts and servicing or inspection of airframes and aircraft engines, performed on a recurrent but not scheduled basis, or on a scheduled basis without withdrawal from line service, to maintain airframes and aircraft engines in an operating condition, shall not be considered to be "overhaul" but shall be expensed directly as ordinary recurrent maintenance. Extraordinary costs of material amounts associated with the renewal of major structural parts of airframes and aircraft engines beyond the scope of normal periodic overhauls, or which are incurred at periodic intervals approximating the depreciable service life of the airframe and aircraft engine types to which related, shall not be considered to be overhauls. Such costs shall be accounted for as restoration of assets chargeable to the related property account. The cost of components removed, together with related depreciation reserves shall be treated as retired property and accounted for accordingly. In the event identification of the cost of the components removed is not feasible, the

costs entailed in substituting components may be charged against the related depreciation reserves.

3. Amend section 7 to read in part as follows:

**Section 7—Chart of Profit and Loss Accounts**

Objective classification of profit and loss elements	Functional or financial activity to which applicable (00)		
	Group I carriers	Group II carriers	Group III carriers
82 Unapplied cash discounts.....	81	81	81
83 Interest income.....	81	81	81
84 Income from subsidiary companies and dividend income			
84.1 Income from subsidiary companies.....	81	81	81
84.2 Dividend income—other than subsidiary companies.....	81	81	81
85 Foreign exchange adjustments.....	81	81	81
86 Income from nontransport ventures.....	81	81	81

4. Add paragraph (g) to section 19-2 so that the section will read in part as follows:

**Sec. 19-2 Maintenance of data.**

(g) Each air carrier shall submit to the Civil Aeronautics Board a detailed statement of its method of computing available ton-miles and available seat-miles for each type of aircraft operated. Also, any future changes in methods of computation shall be submitted, subject to review and approval by the Civil Aeronautics Board. (See section 22(d).) The measurement of available aircraft capacity may reflect company minimum fuel requirements in lieu of the requirements under Federal Aviation Regulations, provided that the use of such company fuel requirements is indicated in the above statement and that the statement contain certification by a responsible company official that said fuel loads are not in excess of company safety requirements. The reason for exclusion of any installed seats in the computation of available seat-miles with respect to any aircraft type and the provisions made for protecting against the sale of such seats, shall be described in this statement and shall be certified to by a responsible company official. (See section 03 "seats available.")

5. Amend paragraph (e) of sec. 19-5 to read in part as follows:

**Sec. 19-5 Air transport traffic and capacity elements.**

(e) The elements, by category and alpha-numeric code, for which data are to be maintained in accordance with the above are as follows:

**AIRPORT-TO-AIRPORT TRAFFIC AND CAPACITY DATA**

Z501 *Interairport distance.* The great circle distance, in statute miles, between airports served by each flight stage, as published in the Civil Aeronautics Board's "Official Route and Mileage Manual." (See Part 247 of the Economic Regulations.)

6. Amend paragraph (d) (12) of section 22 to read as follows:

**Section 22—General Reporting Instructions**

(d) Statements of accounting \* \* \*

(12) Procedures for computing available seat-miles and available ton-miles for each aircraft type, as required by paragraph (g) in section 19-2.

7. Amend paragraph (d) (11) of section 32 to read as follows:

**Section 32—General Reporting Instructions**

(d) Statement of accounting \* \* \*

(11) Procedures for computing available seat-miles and available ton-miles for each aircraft type, as required by paragraph (g) in section 19-2 and paragraph (i), in section 35, Schedule T-3.1.

8. Amend paragraph (i) of the instructions for Schedule T-3.1 in section 35 to read as follows:

**Section 35—Traffic and Capacity Elements**

*Schedule T-3.1—Statement of Traffic and Capacity Statistics*

(i) Each supplemental air carrier shall submit to the Civil Aeronautics Board a detailed statement of its method of computing available ton-miles and available seat-miles for each type of aircraft operated. Also, any future changes in methods of computation shall be submitted, subject to review and approval by the Civil Aeronautics Board. (See sec. 32(d).) The measurement of available aircraft capacity may reflect company minimum fuel requirements in lieu of the requirements under Federal Aviation Regulations, provided that the use of such company fuel requirements is indicated in the above statement and that the statement contain certification by a responsible company official that

said fuel loads are not in excess of company safety requirements. The reason for exclusion of any installed seats in the computation of available seat-miles with respect to any aircraft type and the provisions made for protecting against the sale of such seats shall be described in this statement and shall be certified to by a responsible company official. (See sec. 03 "seats available.")

(Section 204(a) of the Federal Aviation Act of 1958, as amended, 72 Stat. 743; 49 U.S.C. 1324)

By the Civil Aeronautics Board.

[SEAL] R. TENNEY JOHNSON,  
General Counsel.

[FR Doc. 72-20492 Filed 11-28-72; 8:52 am]

## Title 17—COMMODITY AND SECURITIES EXCHANGES

### Chapter II—Securities and Exchange Commission

[Release Nos. 33-5337, 34-9882, 35-17781,  
IC-7526, IA-352.]

### PART 202—INFORMAL AND OTHER PROCEDURES

#### Consent Decrees in Judicial or Administrative Proceedings

The Securities and Exchange Commission today announced adoption of a policy with respect to consent decrees in judicial or administrative proceedings under the laws which it administers. In this connection it has amended § 202.5 of Part 202 of the Code of Federal Regulations relating to informal and other proceedings, as indicated below.

#### COMMISSION ACTION

Pursuant to the authority granted in section 19 of the Securities Act of 1933, section 23(a) of the Securities Exchange Act of 1934, section 20 of the Public Utility Holding Company Act of 1935, section 38 of the Investment Company Act of 1940 and section 211 of the Investment Advisers Act of 1940, the Securities and Exchange Commission hereby amends § 202.5 of Chapter II of Title 17 of the Code of Federal Regulations by adding thereunder a new paragraph (c) reading as follows:

#### § 202.5 Enforcement activities.

(e) The Commission has adopted the policy that in any civil lawsuit brought by it or in any administrative proceeding of an accusatory nature pending before it, it is important to avoid creating, or permitting to be created, an impression that a decree is being entered or a sanction imposed, when the conduct alleged did not, in fact, occur. Accordingly, it

hereby announces its policy not to permit a defendant or respondent to consent to a judgment or order that imposes a sanction while denying the allegations in the complaint or order for proceedings. In this regard, the Commission believes that a refusal to admit the allegations is equivalent to a denial, unless the defendant or respondent states that he neither admits nor denies the allegations.

(Secs. 19, 209, 48 Stat. 85, 908, 15 U.S.C. 77s; sec. 23(a), 48 Stat. 901, sec. 8, 49 Stat. 1379, 15 U.S.C. 78w(a); sec. 20, 49 Stat. 833, 15 U.S.C. 79t; sec. 38, 54 Stat. 841, 15 U.S.C. 80a-37; sec. 211, 54 Stat. 855, sec. 14, 74 Stat. 888, 15 U.S.C. 80b-11)

The Commission finds that the foregoing amendment relates only to rules of agency organization, procedure and practice and, therefore, notice and procedures specified in 5 U.S.C. 553 are unnecessary. The foregoing amendment is declared to be effective immediately.

By the Commission.

RONALD F. HUNT,  
Secretary.

NOVEMBER 28, 1972.

[FR Doc. 72-20559 Filed 11-28-72; 8:54 am]

[Release No. 34-9856]

### PART 240—GENERAL RULES AND REGULATIONS, SECURITIES EX- CHANGE ACT OF 1934

#### Broker-Dealers; Maintenance of Certain Basic Reserves

The Securities and Exchange Commission today announced the adoption of Rule 15c3-3 (17 CFR 240.15c3-3) under the Securities Exchange Act of 1934 (the "Act"). The rule provides a formula for the maintenance by broker-dealers of basic reserves with respect to customers' cash and cash realized through the utilization of customers' securities and enunciates standards for broker-dealers concerning the physical possession or control of fully-paid and excess margin of customers' securities.

On September 14, 1972, in Securities Exchange Act Release No. 9775, (37 F.R. 20260), and on two other occasions, May 31, 1972, in Securities Exchange Act Release No. 9622, (37 F.R. 11690) and November 8, 1971, in Securities Exchange Release No. 9388 (36 F.R. 22312) the Commission proposed Rule 15c3-3 and sought public comment. It has considered the comments and suggestions received in response to the proposals and now adopts the rule as set forth below. The basic principles and format of the September 14, 1972, proposal have been retained, the modifications to the September 14th proposal being primarily technical and in one instance to meet a hardship which was represented to exist by certain members of the financial community.

#### OBJECTIVES OF RULE 15c3-3

It is the Commission's view that, in the context of the other customer protective

provisions it has recently adopted, Rule 15c3-3 as adopted herein is well fashioned to furnish the protection for the integrity of customer funds and securities as envisioned by Congress when it amended section 15(c)(3) of the Act by adopting section 7(d) of the Securities Investor Protection Act of 1970 (the "SIPC Act"). In meeting the Congressional directive for rules regarding the acceptance, custody and use of customers' securities and the maintenance of reserves with respect to customer deposits and credit balances the Commission seeks to accomplish the following in Rule 15c3-3:

(i) To insure that customers' funds held by a broker-dealer (both free credit balances and deposits which may be restricted as to withdrawal) and the cash which is realized through the lending, hypothecation and other permissible uses of customers' securities are deployed in safe areas of the broker-dealer's business related to servicing his customers, or to the extent that the funds are not deployed in these limited areas, that they be deposited in a reserve bank account. In this regard, the Commission has taken a broad view of the Congressional mandate by requiring that the reserve account include all funds which have as their source customer assets.

(ii) To require a broker-dealer promptly to obtain possession or control of all fully-paid securities and excess margin securities carried by that broker-dealer for the account of customers and to require him to act within designated time frames where possession or control has not been established.

(iii) To accomplish a separation of the brokerage operation of the firm's business from that of its firm activities such as underwriting and trading.

(iv) To require a broker-dealer to maintain more current records. Thus, Rule 15c3-3 requires a daily determination of security locations and periodic computations of the reserve.

(v) To motivate the securities industry to process its securities transactions in a more expeditious manner. This is particularly important in the area of the rule which penalizes a broker-dealer if a security is in a location which the Commission has determined to be unacceptable or has been out of the broker-dealer's possession for too long a period, as for example in transfer.

(vi) To inhibit the unwarranted expansion of a broker-dealer's business through the use of customers' funds by prohibiting the use of those funds except for designated purposes.

(vii) To augment the broad program of broker-dealer financial responsibility

<sup>1</sup> Among these are Rules: 17a-13 (the box count rule); 17a-5(j) and 17a-11 (establishing an effective early warning system); 17a-5 as amended (requiring the furnishing of financial information to customers); 15c3-1 as amended (increasing minimum net capital requirements); 15b1-2 and 15c3-1 as amended (imposing high minimum threshold net capital requirements and requiring detailed threshold information designed to effect conservative operation).