

## February 2017 SEC No-Action Letter Relating to Third-Party SLOAs

Pershing LLC (Pershing) makes the following representations related to the February 21, 2017, Securities and Exchange Commission (SEC) No-Action Letter regarding certain standing letters of authorization (SLOAs) or other similar transfer authorization arrangements for cash. Pershing's process includes the following steps:

- The client provides an instruction to their introducing firm in writing that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed. Pershing requires the introducing firm to provide it with a copy of the signed, written client instruction when the introducing firm enters instructions for the creation of a standing letter of authorization into Pershing's technology platform, NetX360®. **(Conditions 1 and 2)**
- In addition to any verification performed by the introducing firm regarding the client instruction, Pershing performs appropriate verification of the instructions it has received from the introducing firm and the written instructions from the client.<sup>1</sup> Pershing provides a transfer of funds notice to the client promptly after each transfer. **(Condition 3)**
- The client has the ability to terminate or change the instruction to their introducing firm. **(Condition 4)**
- The adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction. **(Condition 5)**
- Please note that **Condition 6** must be met by the investment adviser, as it requires that the investment adviser maintain records showing that third party recipients are NOT related to the investment adviser.
- Pershing sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction. **(Condition 7)**

Please note these conditions are only supported for processes in which Pershing's Standing Instruction functionality is utilized to store the SLOA.

**THIS SOLUTION IS NOT AVAILABLE FOR SLOAs FOR SECURITIES MOVEMENTS DELIVERED TO ACCOUNTS OFF THE PERSHING PLATFORM.**

**IN ORDER TO COMPLY WITH THE SEC'S REQUIREMENTS, YOUR INTRODUCING FIRM MUST ELECT TO HAVE CERTAIN INVESTOR NOTICES BE SENT.**

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<sup>i</sup> Pershing will review the creation of a new Standing Letter of Authorization, unless your introducing firm has an agreement with Pershing not to perform additional review. Unless there is a specific agreement in place to do so with your introducing firm, Pershing does not perform a signature comparison.