

SEC Financial Responsibility Rules

FINRA Announces Update of the Interpretations of Financial and Operational Rules

Summary

FINRA is updating the imbedded text of Securities Exchange Act (SEA) financial responsibility rules in the Interpretations of Financial and Operational Rules to reflect the effectiveness of amendments the Securities and Exchange Commission (SEC) adopted.¹ The updated imbedded text relates to SEA Rules 15c3-1, 15c3-1a, 15c3-1b, 15c3-1d, 15c3-1e, 15c3-3, 15Fi-1 through 15Fi-5, 17a-3, 17a-4, 17a-5, 17a-11 and 18a-3. FINRA is also making available related updates of the Interpretations of Financial and Operational Rules that have been communicated to FINRA by the staff of the SEC's Division of Trading and Markets (SEC staff). The updated interpretations relate to SEA Rules 15c3-1, 17a-3, 17a-4 and 17a-5.

Questions concerning this *Notice* should be directed to:

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Background & Discussion

FINRA is updating the imbedded SEA rule text in the Interpretations of Financial and Operational Rules to reflect amendments adopted by the SEC that relate to SEA Rules 15c3-1, 15c3-1a, 15c3-1b, 15c3-1d, 15c3-1e, 15c3-3, 15Fi-1 through 15Fi-5, 17a-3, 17a-4, 17a-5, 17a-11 and 18a-3.² Revisions and redesignations of the interpretations that are updates in connection with the SEC's amendments to SEA Rules 15c3-1, 17a-3, 17a-4 and 17a-5 are set forth below. Page references are to the hardcopy version.

December 28, 2021

Notice Type

- ▶ Guidance

Suggested Routing

- ▶ Compliance
- ▶ Finance
- ▶ Legal
- ▶ Operations
- ▶ Regulatory Reporting
- ▶ Senior Management

Key Topics

- ▶ Books and Records
- ▶ Customer Protection
- ▶ Financial Reporting
- ▶ Net Capital
- ▶ Notification Provisions
- ▶ Security-Based Swap Margin
- ▶ Security-Based Swap Transactions

Referenced Rules & Notices

- ▶ SEA Rule 15c3-1
- ▶ SEA Rule 15c3-1a
- ▶ SEA Rule 15c3-1b
- ▶ SEA Rule 15c3-1d
- ▶ SEA Rule 15c3-1e
- ▶ SEA Rule 15c3-3
- ▶ SEA Rule 15Fi-1 through 15Fi-5
- ▶ SEA Rule 17a-3
- ▶ SEA Rule 17a-4
- ▶ SEA Rule 17a-5
- ▶ SEA Rule 17a-11
- ▶ SEA Rule 18a-3

The following interpretation has been **revised**:

- ▶ SEA Rule 17a-4(b)(5)/01 (15c3-3 Reserve Computations) on page 3103

The following interpretations have been **redesignated**:

- ▶ SEA Rule 15c3-1(c)(2)(xii)/01 (Reverse Repurchase Agreements—Rescinded) redesignated to SEA Rule 15c3-1(c)(2)(xii)(A)/01 on page 721
- ▶ SEA Rule 15c3-1(c)(2)(xii)/011 (Reverse Repurchase Agreements) redesignated to SEA Rule 15c3-1(c)(2)(xii)(A)/011 on page 721
- ▶ SEA Rule 15c3-1(c)(2)(xii)/02 (Government National Mortgage Association (GNMA)) redesignated to SEA Rule 15c3-1(c)(2)(xii)(A)/02 on page 722
- ▶ SEA Rule 15c3-1(c)(2)(xii)/03 (Regulation T Calls for Margin) redesignated to SEA Rule 15c3-1(c)(2)(xii)(A)/03 on page 722
- ▶ SEA Rule 15c3-1(c)(2)(xii)/04 (NonPurpose Loans Collateralized by Certificates of Deposit) redesignated to SEA Rule 15c3-1(c)(2)(xii)(A)/04 on page 722
- ▶ SEA Rule 15c3-1(c)(2)(xii)/05 (Credit Extended Upon Exercise of Employee Stock Option) redesignated to SEA Rule 15c3-1(c)(2)(xii)(A)/05 on page 723
- ▶ SEA Rule 15c3-1(c)(2)(xii)/06 (Credit Extended to Customers on Control or Restricted Stock) redesignated to SEA Rule 15c3-1(c)(2)(xii)(A)/06 on page 723
- ▶ SEA Rule 15c3-1(c)(2)(xii)/061 (Customers Foreign Currency Options Collateralized by Letters of Credit) redesignated to SEA Rule 15c3-1(c)(2)(xii)(A)/061 on page 723
- ▶ SEA Rule 15c3-1(c)(2)(xii)/07 (Maintenance Requirement for Proprietary Accounts Carried for Joint Back Office BrokerDealers) redesignated to SEA Rule 15c3-1(c)(2)(xii)(A)/07 on page 724
- ▶ SEA Rule 17a-3(a)(5)/01 (OCC Daily Position Report in Lieu of Securities Position Record) redesignated to SEA Rule 17a-3(a)(5)(i)/01 on page 3005
- ▶ SEA Rule 17a-3(a)(5)/02 (Loanet Reports in Lieu of Stock Record) redesignated to SEA Rule 17a-3(a)(5)(i)/02 on page 3005
- ▶ SEA Rule 17a-3(a)(8)/01 (DTC Institutional Delivery (ID) System Confirmations) redesignated to SEA Rule 17a-3(a)(8)(i)/01 on page 3013

- ▶ SEA Rule 17a-3(b)(1)/01 (Floor Broker Requirements) redesignated to SEA Rule 17a-3(c)/01 on page 3061
- ▶ SEA Rule 17a-5(a)(2)(i)/01 (NYSE Monthly Part II Requirement) redesignated to SEA Rule 17a-5(a)(1)(i)/01 on page 3201
- ▶ SEA Rule 17a-5(a)(2)(i)/02 (NYSE Requirements for Guaranteed Subsidiary/Associated Partnership) redesignated to SEA Rule 17a-5(a)(1)(i)/02 on page 3201
- ▶ SEA Rule 17a-5(a)(2)(i)/03 (Retroactive Application of Changes in Accounting Principles) redesignated to SEA Rule 17a-5(a)(1)(i)/03 on page 3202
- ▶ SEA Rule 17a-5(a)(2)(ii)/01 (NYSE FOCUS Filing Due Dates) redesignated to SEA Rule 17a-5(a)(1)(ii)/01 on page 3203
- ▶ SEA Rule 17a-5(a)(2)(iii)/01 (NYSE FOCUS Filing Due Dates) redesignated to SEA Rule 17a-5(a)(1)(iii)/01 on page 3203
- ▶ SEA Rule 17a-5(a)(7)/01 (FOCUS Extension Request) redesignated to SEA Rule 17a-5(a)(6)/01 on page 3207
- ▶ SEA Rule 17a-5(e)(4)(ii)/01 (Supplemental SIPC Report Exemption) redesignated to SEA Rule 17a-5(e)(4)/01 on page 3242
- ▶ SEA Rule 17a-5(e)(4)(ii)/02 (SIPC Reports Exemption for Guaranteed Subsidiary) redesignated to SEA Rule 17a-5(e)(4)/02 on page 3242

The following interpretations have been **revised and redesignated**:

- ▶ SEA Rule 17a-3(b)(2)/01 (Exchange Market Maker's Using Clearance Account as Books and Records) revised and redesignated to SEA Rule 17a-3(c)/02 on page 3061
- ▶ SEA Rule 17a-4(i)/01 (Exchange Market Maker's Using Clearance Account as Books and Records) revised and redesignated to SEA Rule 17a-4(i)(1)/01 on page 3124

The rule text and related interpretation update is available in portable digital format (pdf) on FINRA's [Interpretations of Financial and Operational Rules](#) page.

FINRA member firms and others that maintain the hardcopy version of the Interpretations of Financial and Operational Rules may refer to the accompanying [updated page](#), containing the update, which is being made available to enable the replacement of existing pages in the hardcopy version of the Interpretations of Financial and Operational Rules. The filing instructions for the new page(s) are as follows:

SEA Rule	Remove Old Pages	Add New Pages
15c3-1	1-2	1-2
15c3-1	53	53
15c3-1	66	66-67
15c3-1	84	84-85
15c3-1	319	319
15c3-1	532	532-536
15c3-1	721-725	721-726
15c3-1	785	785
15c3-1a	1001	1001
15c3-1a	1014	1014
15c3-1b	1111	1111
15c3-1b	1142	1142-1154
15c3-1d	1325	1325
15c3-1d	1331	1331
15c3-1d	1334	1334
15c3-1d	1342	1342
15c3-1d	1344	1344
15c3-1e	1401	1401
15c3-1e	1411-1412	1411-1413
15c3-1e	1431	1431
15c3-1e	1433	1433
15c3-1e	1444	1444
15c3-3	2001	2001
15c3-3	2582	2582-2592
15c3-3	2774	2774-2806
15c3-4	2904	2904
15Fi-1 through 15Fi-5	N/A	2951-2995
17a-3	3001-3062	3001-3062
17a-4	3101-3132	3101-3132
17a-5	3201-3284	3201-3284
17a-11	3301-3304	3301-3304
17a-13	3404	3404
18a-3	N/A	3501-3510

Further, the SEC staff continues to communicate and issue written and oral interpretations of the financial responsibility and reporting rules. FINRA will update the Interpretations of Financial and Operational Rules on its website as these written and oral interpretations are issued.

Endnotes

1. See Securities Exchange Act Release No. 78011 (June 8, 2016), 81 FR 39808 (June 17, 2016) (Final Rule: Trade Acknowledgment and Verification of Security-Based Swap Transactions); Securities Exchange Act Release No. 86031 (June 5, 2019), 84 FR 33318 (July 12, 2019) (Final Rule: Regulation Best Interest: The Broker-Dealer Standard of Conduct); Securities Exchange Act Release No. 86032 (June 5, 2019), 84 FR 33492 (July 12, 2019) (Final Rule: Form CRS Relationship Summary; Amendments to Form ADV); Securities Exchange Act Release No. 86175 (June 21, 2019), 84 FR 43872 (August 22, 2019) (Final Rule: Capital, Margin, and Segregation Requirements for Security-Based Swap Dealers and Major Security-Based Swap Participants and Capital and Segregation Requirements for Broker-Dealers); Securities Exchange Act Release No. 87005 (September 19, 2019), 84 FR 68550 (December 16, 2019) (Final Rule: Recordkeeping and Reporting Requirements for Security-Based Swap Dealers, Major Security-Based Swap Participants, and Broker-Dealers); Securities Exchange Act Release No. 87005B (May 27, 2021), 86 FR 31115 (June 11, 2021) (Final Rule; Correcting Amendment: Recordkeeping and Reporting Requirements for Security-Based Swap Dealers, Major Security-Based Swap Participants, and Broker-Dealers; Correction); and, Securities Exchange Act Release No. 87782 (December 18, 2019), 85 FR 6359 (February 4, 2020) (Final Rule: Risk Mitigation Techniques for Uncleared Security-Based Swaps).
2. See note 1.