

SEC Financial Responsibility and Reporting Rules

FINRA Announces Updates of the Interpretations of Financial and Operational Rules

Executive Summary

FINRA is making updates to the imbedded text of the Securities Exchange Act (SEA) financial responsibility and reporting rules in the Interpretations of Financial and Operational Rules to reflect the effectiveness of rule amendments the SEC recently adopted.¹ The updated text relates to SEA Rules 15c3-1, 15c3-1a, 15c3-2, 15c3-3, 17a-5 and 17a-11. FINRA is also making available related updates of the Interpretations of Financial and Operational Rules that have been communicated to FINRA staff by the staff of the SEC's Division of Trading and Markets (SEC staff). The updated interpretations relate to SEA Rule 15c3-1.

Questions concerning this *Notice* should be directed to:

- ▶ Yui Chan, Managing Director, Risk Oversight and Operational Regulation (ROOR), at (646) 315-8426; or
- ▶ Susan DeMando Scott, Associate Vice President, ROOR, at (240) 386-4620.

Background & Discussion

In August 2013, the SEC adopted amendments to the financial responsibility and reporting rules for broker-dealers.² FINRA is updating the imbedded text of the portions of SEC rules in the Interpretations of Financial and Operational Rules to reflect the rule amendments that have taken effect.

Further, SEC staff continues to communicate and issue written and oral interpretations of the financial responsibility and reporting rules. FINRA previously published such interpretations in the Interpretations of Financial and Operational Rules on its website in [Regulatory Notice 08-56](#) and subsequently updated such interpretations in [Regulatory Notice 13-44](#). As FINRA noted in these *Notices*, the interpretations, referred to as the Interpretations of Financial and Operational Rules, are imbedded in the text of relevant rules and immediately follow the section of the rule that they interpret.

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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

Referenced Rules & Notices

- ▶ Regulatory Notice 08-56
- ▶ Regulatory Notice 13-44
- ▶ SEA Rule 15c3-1
- ▶ SEA Rule 15c3-1a
- ▶ SEA Rule 15c3-2
- ▶ SEA Rule 15c3-3
- ▶ SEA Rule 17a-5
- ▶ SEA Rule 17a-11



The interpretation updates resulting from the SEC's August 2013 amendments to SEA Rule 15c3-1 are set forth below. Page references are to the hardcopy version. These interpretations are being updated with specified additions, revisions and rescissions and are available in portable digital format (pdf) on FINRA's [Interpretations of Financial and Operational Rules](#) page.

The following two interpretations have been **rescinded**:

- ▶ SEA Rule 15c3-1(c)(1)/20 (Temporary Capital Infusions in a Broker-Dealer) on page 156: This interpretation, relating to the net capital treatment of temporary capital infusions in a broker-dealer, has been rescinded, as the respective requirements are incorporated in new SEA Rule 15c3-1(c)(2)(i)(G) and are reflected on page 225.
- ▶ SEA Rule 15c3-1(c)(2)(vi)(D)/01 (Money Market Funds) on page 451: This interpretation, relating to the net capital treatment of money market funds, has been rescinded, as the respective requirements are incorporated in revised SEA Rule 15c3-1(c)(2)(vi)(D)(1) and are reflected on page 451.

FINRA member firms and others that maintain the hardcopy version of the Interpretations of Financial and Operational Rules may refer to the accompanying [updated pages](#), containing the aforementioned rule text updates and interpretations, which are being distributed as replacements for existing pages. The filing instructions for the new pages are as follows:

SEA Rule	Remove Old Pages	Add New Pages
15c3-1	1	1
15c3-1	63	63
15c3-1	156	156
15c3-1	221-226	221-225
15c3-1	255-272	255-272
15c3-1	451-452	451
15c3-1	725-726	725
15c3-1	784	784-785
15c3-1	851-854	851-854
15c3-1a	1013	1013
15c3-2	1901-1902	1901
15c3-3	2464	2464-2466
17a-5	3201-3206	3201-3207
17a-5	3232	3232
17a-5	3243-3248	3243-3244
17a-11	3301-3302	3301-3302

Endnotes

1. See Securities Exchange Act Release No. 70072 (July 30, 2013), 78 FR 51824 (August 21, 2013) (Financial Responsibility Rules for Broker-Dealers) and Securities Exchange Act Release No. 70073 (July 30, 2013), 78 FR 51910 (August 21, 2013) (Broker-Dealer Reports). The SEC subsequently modified the effective date of specified amendments to these rules pursuant to an Exemptive Order. See Securities Exchange Act Release No. 70701 (October 17, 2013), 78 FR 62930 (October 22, 2013) (Order Providing Broker-Dealers a Temporary Exemption from the Requirements of Certain New Amendments to the Financial Responsibility Rules for Broker-Dealers under the Securities Exchange Act of 1934).
2. See note 1.