SECURITIES AND EXCHANGE COMMISSION

17 CFR PART 240

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RIN 3235-AN28

Extension of Compliance Date for Required Daily Computation of Customer and Broker-Dealer Reserve Requirements under the Broker-Dealer Customer Protection Rule

AGENCY: Securities and Exchange Commission

ACTION: Final rule; extension of compliance date.

SUMMARY: The Securities and Exchange Commission ("Commission") is extending the compliance date for the recently adopted amendments that require certain broker-dealers to perform daily reserve computations and make required deposits into their reserve bank accounts daily rather than weekly by six months from December 31, 2025, to June 30, 2026.

DATES: *Effective Date*: The effective date for this release is [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER].

Compliance Date: The compliance date for Rule 15c3-3(e)(3)(i)(B)(*1*), published January 13, 2025, at 90 FR 2837, is extended from December 31, 2025, to June 30, 2026.

FOR FURTHER INFORMATION CONTACT: Michael A. Macchiaroli, Associate Director; Raymond Lombardo, Assistant Director; Sheila Dombal Swartz, Senior Special Counsel; or Abraham Jacob, Special Counsel, Office of Broker-Dealer Finances, at (202) 551-5500, Division of Trading and Markets, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-7010.

SUPPLEMENTARY INFORMATION: The Commission is extending the compliance date for the requirement to perform a reserve computation for accounts of customers ("customer reserve

computation") and accounts of other broker-dealers ("PAB reserve computation") daily rather than weekly under paragraph (e)(3)(i)(B)(*1*) of Rule 15c3-3 under the Securities Exchange Act of 1934 ("Exchange Act") from December 31, 2025, to June 30, 2026.[1] This daily reserve computation requirement applies to broker-dealers with average total credits equal to or greater than $500 million ("$500 Million Threshold"). The Commission is not extending the compliance dates with respect to the amendments to paragraph (e)(3)(v) of Rule 15c3-3 and the conforming amendments to the Financial and Operational Combined Uniform Single Report ("FOCUS Report").

I. DISCUSSION

On December 20, 2024, the Commission adopted amendments to Rule 15c3-3 (the "broker-dealer customer protection rule") to require broker-dealers that hold customer cash and securities ("carrying broker-dealers") and that exceed the $500 Million Threshold to perform their customer and PAB reserve computations and make any required deposits into their reserve bank accounts daily rather than weekly.[2] The daily reserve computation requirement is designed to address the risks associated with situations where a carrying broker-dealer receives large cash inflows on behalf of customers and PAB account holders during the week and days prior to the next required weekly reserve computations and associated deposits into the reserve bank accounts. Such occurrences can lead to circumstances where the net amount of cash owed to

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1 17 CFR 240.15c3-3(e)(3)(i)(B)(*1*) ("Rule 15c3-3(e)(3)(i)(B)(*1*)").

2 *See Daily Computation of Customer and Broker-Dealer Reserve Requirements Under the Broker-Dealer Customer Protection Rule*, Exchange Act Release No. 102022 (Dec. 20, 2024) [90 FR 2790 (Jan. 13, 2025)] ("Adopting Release"). The term "average total credits" is defined as the arithmetic mean of the sum of total credits in the customer reserve computation and the PAB reserve computation reported in the carrying broker-dealer's 12 most recently filed month-end FOCUS Reports. *See* Adopting Release, 90 FR at 2793 and paragraph (e)(3)(i)(B)(*1*) of Rule 15c3-3.

customers and PAB account holders[3] is substantially greater than the amounts held in the carrying broker-dealer's customer and PAB reserve bank accounts.[4] By requiring daily rather than weekly reserve computations and deposits, the protections provided by the reserve requirements of Rule 15c3-3 will be applied more quickly to newly deposited cash of customers and PAB account holders and reduce the risk that if a carrying broker-dealer fails financially, it may be unable to promptly return cash and securities to customers and PAB account holders through an orderly self-liquidation.[5]

In the Adopting Release, the Commission also amended Rule 15c3-1,[6] the broker-dealer net capital rule, to permit carrying broker-dealers that use the alternative method to compute their minimum net capital[7] and that perform a required daily customer reserve computation to reduce their aggregate debit items by 2% rather than 3% ("2% debit reduction") when performing a customer reserve computation under Rule 15c3-3.[8] Further, carrying broker-dealers that use the alternative method and are below the $500 Million Threshold may voluntarily perform a daily customer reserve computation under Rule 15c3-3 and, in so doing, apply the 2% debit reduction in lieu of the 3% debit reduction if they notify their designated examining authority ("DEA") at

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3 The term PAB account means a proprietary securities account of a broker-dealer (which includes a foreign broker-dealer, or a foreign bank acting as a broker-dealer) other than a delivery-versus-payment account or a receipt-versus-payment account. The term does not include an account that has been subordinated to the claims of creditors of the carrying broker-dealer. *See* paragraph (a)(16) of Rule 15c3-3 and Adopting Release, 90 FR at 2791, n.9.

4 *See* Adopting Release, 90 FR at 2791-92.

5 *See id*. at 2792.

6 17 CFR 240.15c3-1 ("Rule 15c3-1").

7 The minimum net capital requirement for broker-dealers is the greater of a fixed-dollar amount specified in Rule 15c3-1 and an amount determined by applying one of two financial ratios: the 15-to-1 aggregate indebtedness to net capital ratio (''basic method'') or the 2% of aggregate debit items ratio (''alternative method''). A carrying broker-dealer using the alternative method must reduce aggregate debit items (i.e., customer-related receivables) by 3% when performing its customer reserve computation under Rule 15c3-3. *See* Adopting Release, 90 FR at 2793.

8 *See id*. at 2793; *see also* paragraph (a)(1)(ii)(A) of Rule 15c3-1.

least 30 days prior to beginning the daily customer reserve computation.[9] Finally, the Commission adopted technical amendments to the FOCUS Report to conform it to the amendments with respect to the lowering of the debit reduction from 3% to 2%.[10]

The Commission addressed the compliance dates of the amendments in the Adopting Release.[11] The Commission stated that carrying broker-dealers that exceed the $500 Million Threshold using each of the 12 filed month-end FOCUS Reports from July 31, 2024, through June 30, 2025, must perform customer and PAB reserve computations daily beginning no later than December 31, 2025 (i.e., six months after June 30, 2025).[12] The Commission also stated that on or after the effective date of the final amendments,[13] a carrying broker-dealer may voluntarily perform a daily customer reserve computation and apply the 2% debit reduction, provided it notifies its DEA in writing at least 30 calendar days prior to beginning the daily customer reserve computation that applies the 2% debit reduction.[14] Finally, the Commission stated in the Adopting Release that the compliance date for the amendments to the Form X–17A–5, Part II (i.e., Part II of the FOCUS Report) is March 1, 2026.[15]

Since the Commission adopted the daily customer and PAB reserve computation requirement, industry representatives and carrying broker-dealers have indicated through

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9 *See* paragraph (e)(3)(v) of paragraph 15c3-3.

10 *See* Adopting Release, 90 FR at 2806.

11 *See* Adopting Release, 90 FR at 2811-12.

12 *See id*.

13 The effective date of the amendments was March 14, 2025. *See* Adopting Release, 90 FR at 2790.

14 *See* Adopting Release, 90 FR at 2811-12.

15 *See id*. The Commission is not extending the compliance dates with respect to the amendment to paragraph (e)(3)(v) of Rule 15c3-3 that permits a carrying broker-dealer that does not exceed the $500 Million Threshold but that elects to voluntarily perform a daily customer reserve computation to apply the 2% debit reduction, and the conforming amendments to Part II of the FOCUS Report.

telephonic meetings with Commission staff and letters that, as carrying broker-dealers work to meet the December 31, 2025, compliance date, some of them believe that additional time to implement the capability to perform a required daily customer and PAB reserve computation is needed. For example, the Securities Industry and Financial Markets Association ("SIFMA"), on behalf of its broker-dealer members, submitted a letter requesting that the Commission extend the compliance date for the required daily customer and PAB reserve computations established in the Adopting Release by six months from December 31, 2025, to June 30, 2026.[16] In its letter, SIFMA stated that a six-month extension is necessary due to the complexities of scoping out and developing the appropriate policies and procedures, and systems, necessary to successfully automate and implement a daily reserve computation. Regarding the transition to a daily reserve computation requirement, SIFMA also stated that there is no "one size fits all" approach applicable to all carrying broker-dealers, but that it is governed by the individual circumstances of each carrying broker-dealer. SIFMA stated that these complexities, and the need to increase staffing levels to perform a daily customer and PAB reserve computation, demonstrate that a six-month extension would be appropriate and warranted.[17]

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16 *See* Letter from Kevin Zambrowicz, Deputy General Counsel (Institutional) & Managing Director, SIFMA (Feb. 27, 2025) ("SIFMA Letter") at 2, available at https://www.sec.gov/comments/s7-11-23/s71123-580435-1668442.pdf.

17 *See id*. Another industry representative, the American Securities Association, stated that the Commission should stay the implementation of (and reconsider the need for) the daily customer and PAB reserve computations, and re-open a public comment period to allow for a more thorough assessment and broader industry consultation. *See* Letter from Christopher A. Iacovella, President and CEO, American Securities Association (Jan. 23, 2025) ("ASA Letter") at 2, available at https://www.sec.gov/comments/s7-11-23/s71123-580455-1668442.pdf. While the Commission understands the perspective of the industry representative, the Commission adopted these amendments following a robust comment period that included broad industry consultation. A variety of persons, including broker-dealers, retail investors, industry associations, and other market participants participated in the rule-making process. As described in the Adopting Release, the amendments provide benefits to the financial system, to investor protection, and to broker-dealers. Consequently, the Commission is not reconsidering or staying the amendments.

After considering such requests, the Commission is extending the compliance date for the required daily customer and PAB reserve computations. The Commission agrees with SIFMA that a six-month extension will allow for additional time for carrying broker-dealers that exceed the $500 Million Threshold to develop the policies and procedures to perform a daily customer and PAB reserve computation, and to increase staffing levels as needed. A six-month extension also will facilitate an orderly transition to the new daily customer and PAB reserve computation requirement by providing carrying broker-dealers with additional time to make any necessary operational or systems changes, and to streamline daily computation processes through increased automation. In addition, a six-month extension will provide more time for carrying broker-dealers to test their new daily processes, procedures, and systems for compliance, including by performing various test reserve computations, prior to beginning to perform daily customer and PAB reserve computations under paragraph (e)(3) of Rule 15c3-3.

For these reasons, the Commission is extending the compliance date for carrying broker-dealers subject to the requirement to begin performing daily customer and PAB reserve computations under paragraph (e)(3)(i)(B)(*1*) of Rule 15c3-3 by six months from December 31, 2025, to June 30, 2026. Under the compliance date extension, carrying broker-dealers must begin calculating their average total credits using the 12 most recently filed month-end FOCUS Reports ending with the FOCUS Report for December 31, 2025. As a result, carrying broker-dealers that exceed the $500 Million Threshold using each of the 12 filed month-end FOCUS Reports from January 31, 2025, through December 31, 2025, (and in doing so become subject to

the daily computation requirements) must perform customer and PAB computations daily beginning no later than June 30, 2026.[18]

Extending the compliance date also will provide carrying broker-dealers whose average total credits may hover close to the $500 Million Threshold additional time between the date the Commission adopted the amendments in December 2024 and the December 31, 2025, calculation date for average total credits to determine if they will be subject to the requirement to perform a customer and PAB reserve computation daily beginning no later than June 30, 2026, or whether they will manage their customer and PAB credits to remain below the $500 Million Threshold.

Lastly, the extension of the compliance date in this release does not alter the ability of carrying broker-dealers that use the alternative method for net capital to voluntarily elect to perform a daily customer reserve computation and, in so doing, apply the 2% debit reduction rather than the 3% debit reduction if they notify their DEA at least 30 days prior to beginning the daily computation.[19] Finally, the Commission is not altering the March 1, 2026, compliance date with respect to the amendments to Part II of Form X-17A-5.[20]

II. ECONOMIC ANALYSIS

The Commission is mindful of the economic effects, including the costs and benefits, of the compliance date extension. Exchange Act section 3(f) requires the Commission, when it is engaged in rulemaking pursuant to the Exchange Act and is required to consider or determine

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18 This date also aligns with the requirements of the final amendments, as carrying broker-dealers are provided six months under paragraph (e)(3)(i)(B)(*1*) of Rule 15c3-3 to begin performing customer and PAB reserve computations daily after exceeding the $500 Million Threshold.

19 *See* paragraph (e)(3)(v) of Rule 15c3-3 and Adopting Release, 90 FR at 2812.

20 *See* Adopting Release, 90 FR at 2812.

whether an action is necessary or appropriate in the public interest, to consider, in addition to the protection of investors, whether the action will promote efficiency, competition, and capital formation.[21] In addition, Exchange Act section 23(a)(2) requires the Commission, when making rules pursuant to the Exchange Act, to consider among other matters the impact that any such rule would have on competition and not to adopt any rule that would impose a burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act.[22]

The baseline against which the costs, benefits, and the effects on efficiency, competition, and capital formation of the compliance date extension are measured consists of current requirements for carrying broker-dealers under the broker-dealer customer protection rule and the current market structure and regulatory framework. As discussed above,[23] the compliance date for the required daily customer and PAB reserve computations is December 31, 2025. However, industry representatives and carrying broker-dealers have indicated through telephonic meetings with Commission staff and letters, that an extension of the compliance date to implement the capability to perform a required daily customer and PAB reserve computation is needed.[24]

The Commission is extending the compliance date for the required daily customer and PAB reserve computations to June 30, 2026. Extending the compliance date by six months will delay the start-up compliance costs of carrying broker-dealers above the $500 Million Threshold and hence provide them with additional time for developing the appropriate policies and

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21 *See* 15 U.S.C. 78c(f).

22 *See* 15 U.S.C. 78w(a)(2).

23 *See supra* section I.

24 *See* SIFMA Letter at 2.

procedures, and systems, necessary to successfully automate and implement the daily customer and PAB reserve computation requirement.[25] This extension will also provide carrying broker-dealers additional time to fulfill their staffing needs and train their personnel to facilitate the shift to the daily computation requirement.

The extension of the compliance date from December 31, 2025, to June 30, 2026, will also delay the realization of economic benefits associated with the final rule. In particular, the delayed benefits include the reduced risk of a potential delay in the return of cash and securities to customers and PAB account holders in the event of a failure of an affected carrying broker-dealer.[26]

The effect of the extension of the compliance dates on efficiency, competition, or capital formation will be a delay in the impact of the rule on efficiency, competition, and capital formation described in the final rule. Additionally, the extension could mitigate the potential impact on competition by giving smaller carrying broker-dealers the opportunity to develop more cost-effective compliance approaches because they will have more time to implement operational changes and system and internal control upgrades.

The Commission considered reasonable alternatives to the new compliance date, namely a longer extension. The Commission believes, however, that, consistent with SIFMA's request, a six-month extension is what is needed to facilitate the successful implementation of the rule amendments.

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[25] Extending the compliance date will also mitigate the potential costs associated with overlap of the compliance date of the daily customer and PAB reserve computation requirement and rules that were adopted prior to the broker-dealer customer protection rule. *See* Adopting Release at section IV.C.3. As explained in the Adopting Release, where overlap in compliance periods exists, the Commission acknowledges that there may be additional costs on those entities subject to one or more other rules, but spreading the compliance dates out over an extended period limits the number of implementation activities occurring simultaneously. *Id*.

[26] *See* Adopting Release, 90 FR at 2792.

III. PROCEDURAL AND OTHER MATTERS

The Administrative Procedure Act ("APA") generally requires an agency to publish notice of a rulemaking in the *Federal Register* and provide an opportunity for public comment. This requirement does not apply, however, if the agency "for good cause finds…that notice and public procedure are impracticable, unnecessary, or contrary to the public interest."[27]

For the reasons discussed below, the Commission, for good cause, finds that notice and solicitation of comment regarding the extension of the compliance date is impracticable, unnecessary, or contrary to the public interest.[28] This rule does not impose any new substantive regulatory requirements on any person and merely reflects the extension of the compliance date for carrying broker-dealers that become subject to the daily computation requirements. Furthermore, carrying broker-dealers subject to the daily computation requirement must begin preparing well in advance of the compliance date in order to be fully compliant with the daily computation requirement by that date. As a result, many carrying broker-dealers, particularly those with more complex customer and PAB reserve computations, would need to undertake significant operational costs imminently in order to meet the December 31, 2025, compliance date, including making major staffing changes. Providing immediate certainty of an extension is therefore needed to allow carrying broker-dealers to avoid incurring unnecessary burdens and other challenges associated with meeting the initial compliance date.[29]

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27 5 U.S.C. 553(b)(B).

28 *See id.* (stating that an agency may dispense with prior notice and comment when it finds, for good cause, that notice and comment are "impracticable, unnecessary, or contrary to the public interest").

29 The compliance date extension set forth in this release is effective upon publication in the *Federal Register*. Section 553(d)(1) of the APA allows effective dates that are less than 30 days after publication for a "substantive rule which grants or recognizes an exemption or relieves a restriction." 5 U.S.C. 553(d)(1).

For similar reasons, although the APA generally requires publication of a rule at least 30 days before its effective date, the requirements of 5 U.S.C. 808(2) are satisfied (notwithstanding the requirement of 5 U.S.C. 801),[30] and the Commission finds that there is good cause for this extension to take effect on [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER].

The Office of Management and Budget has determined that this action is not a significant regulatory action as defined in Executive Order 12866, as amended, and therefore it was not subject to Executive Order 12866 review. Pursuant to the Congressional Review Act, the Office of Information and Regulatory Affairs has designated the extension of the compliance date not a "major rule," as defined by 5 U.S.C. 804(2).

IV. CONCLUSION

The Commission extends the compliance date for the requirement to perform a customer and PAB reserve computation daily rather than weekly under paragraph (e)(3)(i)(B)(*1*) of Rule 15c3-3 by six months, to June 30, 2026.

By the Commission.

Dated: June 25, 2025.

Stephanie J. Fouse,

Assistant Secretary.

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[30] *See* 5 U.S.C. 808(2) (if a Federal agency finds that notice and public comment are impracticable, unnecessary or contrary to the public interest, a rule shall take effect at such time as the Federal agency promulgating the rule determines). This rule also does not require analysis under the Regulatory Flexibility Act. *See* 5 U.S.C. 604(a) (requiring a final regulatory flexibility analysis only for rules required by the APA or other law to undergo notice and comment). Finally, this rule does not contain any collection of information requirements as defined by the Paperwork Reduction Act of 1995 ("PRA"). 44 U.S.C. 3501 *et seq.* Accordingly, the PRA is not applicable.