

SEC Proposes Rule Amendments to the Broker-Dealer Customer Protection Rule

FOR IMMEDIATE RELEASE

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Washington D.C., July 12, 2023 — The Securities and Exchange Commission today proposed amendments to Rule 15c3-3 (the Customer Protection Rule) to require certain broker-dealers to increase the frequency with which they perform computations of the net cash they owe to customers and other broker-dealers (known as PAB account holders) from weekly to daily. Net cash owed to customers and PAB account holders must be held in a special reserve bank account.

“I am pleased to support this proposal because, if adopted, it would help protect customers in the event that a broker-dealer fails,” said SEC Chair Gary Gensler. “A key tenet of our securities laws is the segregation of customers’ cash and securities from a broker-dealer’s own account. Given the speed, scale, and volume of today’s market activity, I believe customers would benefit if broker-dealers carrying large credit balances made daily reserve account calculations and deposits. This frequency would better align with the inflows, swings, and balances that broker-dealers experience in today’s markets.”

Broker-dealers occasionally may have substantial deposit requirements as a result of customer and PAB reserve computations. The proposal would require broker-dealers with average total credits (the amount of cash they owe customers and PAB account holders) equal to or greater than \$250 million to make the computations necessary to determine the amounts required to be deposited in the customer and PAB reserve bank accounts daily, as of the close of the previous business day. By reducing the timeframe between computations, the proposal would assist broker-dealers in more dynamically matching the net amount of cash owed to customers and PAB account holders with the amount on deposit in the broker-dealer’s customer and PAB reserve bank accounts. The daily customer and PAB reserve computations would safeguard customers and PAB account holders by lessening the potential for large mismatches to build over time, thereby increasing the likelihood that they are made whole even if a broker-dealer fails.

The [proposing release](#) will be published in the Federal Register. The public comment period will remain open for 60 days following publication of the proposing release on the SEC website or 30 days following publication of the proposing release in the Federal Register, whichever period is longer.

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Related Materials

- [Proposed Rule](#)
- [Fact Sheet](#)