

FINRA Issues Guidance in Connection With Failures of Silicon Valley Bank and Signature Bank

SEA Rule 15c3-1 (Net Capital Requirements) and SEA Rule 15c3-3 (Customer Protection – Reserves and Custody of Securities)

Summary

FINRA is issuing this *Notice* to provide guidance for members affected by the recent failures of Silicon Valley Bank (SVB) and Signature Bank (Signature).

Questions concerning this *Notice* should be directed to your firm's Risk Monitoring Analyst.

Background

The following is guidance for member firms affected by the recent failures of SVB and Signature.

For Members with Deposits at SVB and Signature:

- ▶ All bank deposits at SVB and Signature may continue to be treated as allowable assets for net capital purposes.
- ▶ Balances in Customer and PAB Reserve Bank Accounts at SVB and Signature may continue to be treated as qualified reserve bank account deposits for purposes of SEA Rule 15c3-3(e).
- ▶ Any withdrawals of funds from accounts held at SVB and Signature must comply with the requirements of all applicable rules, *e.g.*, SEA Rule 15c3-1(e) and SEA Rule 15c3-3(e)(1).

March 14, 2023

Notice Type

- ▶ Guidance

Suggested Routing

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

Key Topics

- ▶ Customer and PAB Reserve Bank Accounts
- ▶ Net Capital
- ▶ Risk Management

Referenced Rules & Notices

- ▶ SEA Rule 15c3-1
- ▶ SEA Rule 15c3-3

©2023. FINRA. All rights reserved. Regulatory Notices attempt to present information to readers in a format that is easily understandable. However, please be aware that, in case of any misunderstanding, the rule language prevails.