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March 18, 2026

Ms. Vanessa Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-1090

Re: File No. SR-FINRA-2025-017 – Proposed Rule Change to Amend FINRA Rule 4210 (Margin Requirements) to Replace the Day Trading Margin Provisions with Intraday Margin Standards

Dear Ms. Countryman:

The Financial Industry Regulatory Authority, Inc. (“FINRA”) submits this letter in response to comments received by the Securities and Exchange Commission (“SEC” or “Commission”) on the above-referenced proposed rule change.¹ The Proposal would replace the current provisions governing day trading margin (the “day trading margin requirements”) and replace them with modern intraday margin standards.²

¹ See Securities Exchange Act Release No. 104572 (January 9, 2026), 91 FR 1580 (January 14, 2026) (Notice of Filing of a Proposed Rule Change to Amend FINRA Rule 4210 (Margin Requirements) to Replace the Day Trading Margin Provisions with Intraday Margin Standards; File No. SR-FINRA-2025-017) (the “Proposal”).

² Specifically, the Proposal would eliminate paragraph (f)(8)(B) under FINRA Rule 4210 together with associated provisions relating to the day trading margin requirements under paragraphs (b), (f)(10) and (g)(13), would establish new paragraphs (a)(17) through (a)(19), new paragraph (d)(2) and new paragraphs (g)(1)(J) and (g)(1)(K), and would make minor conforming amendments, as specified in further detail in the Proposal.

The Commission published the Proposal for public comment in the Federal Register on January 14, 2026,³ and received more than 100 comments in response.⁴ All commenters but one supported the Proposal. This letter responds to the comments the Commission received on the Proposal and urges the Commission to approve the proposed rule change.

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Broad Support for the Proposal

Commenters, including many individual retail investors,⁵ expressed frustration with the current day trading margin requirements, in particular the \$25,000 minimum equity requirement and the day trade counts for designating pattern day traders. Commenters said that the current rules are unfair, burdensome and out of touch with the needs of modern investors and with the developments in modern markets and technology. They said the \$25,000 minimum equity requirement favors wealthier investors and imposes an arbitrary barrier for smaller investors, often with damaging effect. They said that the current rules have the effect of preventing retail investors from exiting losing positions or otherwise forcing them to stay in disadvantageous positions out of fear of triggering the pattern day trader designation. As such, rather than protect retail investors, commenters said that the current rules subject them to higher risk and the potential for financial harm. They said that the proposed approach, based on intraday margin, would be a much better way to align trading activity with risk exposure in real time and thereby better enable retail traders to manage their risk. Many of the commenters expressed urgency in asking FINRA to move on from the current day trading margin requirements and to effectuate the proposed modern intraday margin standards.

³ See supra note 1.

⁴ See Appendix A for the list of commenters and the abbreviations assigned to the commenters. Unless noted otherwise, all references to commenters in this letter are to commenters as listed in Appendix A.

⁵ See for example the letters from Alan, Anderson (two letters), Androxman, Berk, Chao, Charles A, Chia (six letters), Chupick, Cutsforth-Balele, Darendeli, David, Diamond (two letters), English, Flanagan, Fleming, Gonzales, Grama, Grove, Hedglin, Hernandez (two letters), Hockenberry, Horner, A. Johnson, J. Johnson (two letters), Kramer (two letters), S. Lee, Lopez, Miner, Minerich, Monroe, Morrell, Murrow, Ng, Odom, Pardo, Paudel, Pretizas, Raatz, Rimdzius, Rodriguez, Sandvold, Ski, Steward, Sung, Swag City, Taylor, Walker and Williams; see also the letters from Alpaca, Cboe, ICAN, Robinhood, Schwab, SIFMA and STA.

Specific Suggestions from Commenters Supporting the Proposal

Several commenters supporting the Proposal requested clarification or guidance on a few points, which FINRA addresses as follows:

- Proposed paragraph (d)(2)(A)⁶ would establish the requirement on each member to determine the intraday margin deficit for each margin account of a customer, as further specified in the rule. Alpaca inquired whether it is correct to understand paragraph (d)(2)(A) as meaning the deficit determination obligation would apply on an account-by-account basis and only on days when an intraday margin level (“IML”)-reducing transaction occurs in the account. FINRA confirms that this is correct. If there is no IML-reducing transaction in a margin account during a particular day, the member carrying that account would not be required to compute an intraday margin deficit for that account and that day.⁷
- Alpaca asked whether, for purposes of compliance with the computational requirements of the Proposal, it suffices that a member’s policies, procedures and controls are reasonably designed and implemented and that the member employs appropriate exception handling, documentation and remediation when deficits occur. In response, FINRA notes the Proposal permits members some flexibility in the computation of intraday margin deficits, for example, as noted in the Proposal, by permitting members to use real-time monitoring and blocking or to make a single margin calculation at the end of the day.⁸ That said, FINRA also reminds members that, either way, the computations must be done correctly; the reasonableness of the design of the system the member uses does not bear on the objective question of whether the computations are right. In short, reasonableness of system design is not a good answer on its own if the required margin computations are wrong. This is consistent with what has always been expected of required computations under Rule 4210 and Regulation T.
- Similarly, Alpaca requested clarification whether members may differentiate between real-time and end-of-day approaches across accounts, provided the member’s approach is documented in written policies and procedures, consistently applied and reasonably designed. Again, FINRA does not restrict a member’s

⁶ All references to provisions of the proposed rule change are to provisions as proposed to be amended pursuant to SR-FINRA-2025-017.

⁷ Alpaca proffered a suggested revision to the proposed wording of paragraph (d)(2)(A). FINRA believes the rule text is clear as proposed in SR-FINRA-2025-017 and no revision is necessary.

⁸ See Proposal, 91 FR 1580, 1583.

choice of approach, so long as the determinations are correct. As such, FINRA would not view the rule as stopping members from using different methods for different accounts. Alpaca further asked for comfort that such differentiation would not constitute a violation if an outcome that would have produced a deficit under one method is not detected because the member chose the other method. FINRA is unable to provide such assurance, as the question presupposes that the existence of a deficit depends on the use of real-time versus end-of-day methodology. That supposition is not correct. The existence of a deficit is an objective result of the operation of the definitions and parameters set forth in the Proposal.⁹

- Proposed paragraph (d)(2)(C)(iii) provides that an intraday margin deficit “shall remain outstanding until satisfied or until immediately after the close of business on the fifteenth business day after the date of the intraday margin deficit.” Alpaca requested that FINRA provide further guidance on how any net capital deduction would be operationalized pursuant to this rule provision. In response, FINRA intends to provide further explanation and guidance to assist members with these and other operational issues, as appropriate, if the Commission approves the Proposal. Alpaca further requested guidance in the form of concrete examples of the proposed rule’s application. FINRA will consider such examples as part of the resources it plans to make available to members to assist with implementation if the Commission approves the Proposal.
- FINRA sought comment on a proposed interim period of up to 12 months to afford members sufficient time to phase in their implementation of the new requirements.¹⁰ SIFMA suggested the idea of this interim period should be expanded to permit additional flexibility so that for instance a member applying the current rules to a particular account could consider a margin call invalid or unnecessary if it believes the call would not have occurred under the new, amended rules. In response, FINRA notes that this would not be consistent with the scope of flexibility that FINRA envisions for the proposed interim period. The purpose of the interim period is to give members the time they need to implement the new rules. It would cut against the purposes of margin regulation for firms to pick and choose, trade by trade, what margin will apply while the interim period is underway.

⁹ See for example proposed Rule 4210(a)(19) (defining “intraday margin deficit” as an amount “not less than” the absolute value of the largest negative IML) and proposed Rules 4210(d)(2)(B)(i) through (v) (providing various types of flexibility in the computation of IML and the intraday margin deficit, subject to specified limitations in some cases).

¹⁰ See Proposal, 91 FR 1580, 1584. Comments on the proposed interim period are discussed further below.

- SIFMA requested FINRA provide additional guidance on the 90-day freeze under proposed paragraph (d)(2)(D), in particular the rule language “makes a practice of failing to satisfy intraday margin deficits as promptly as possible . . .” In response, FINRA notes that the phrase “makes a practice” has already been in use for some time in the context of Interpretation /03 under paragraph (f)(7) (“Making a Practice of Meeting Regulation T Margin Calls by Liquidation”) and Interpretation /02 under paragraph (g)(10)(E) (“Practice of Liquidating”) and as such should not be unfamiliar. To aid members, FINRA plans to provide further interpretive guidance as appropriate with regard to the “makes a practice” language if the Commission approves the Proposal.

Implementation Timeframe

As noted above, in the Proposal¹¹ FINRA sought comment on a proposed interim period of up to 12 months after FINRA announces the effective date of the proposed rule change for members to prepare to implement the new requirements. In the interim period, members would be permitted to apply the current day trading margin requirements while they prepare to implement the new provisions. By the same token, FINRA proposed that members that prefer to implement the provisions more quickly should be permitted to do so at any time prior to the expiration of this interim period. Commenters proffered suggestions on this proposed phase-in approach for the new requirements. As noted above, commenters broadly expressed urgency in moving on from the current rules and implementing the proposed rule change promptly.¹² Alpaca expressed support for the 12-month timeframe. SIFMA asked that this be increased to 18 months to afford more time for members that may need to update their processes and methodologies. Schwab said that the 12-month phased implementation might create confusion among customers and competitive pressures for firms, because some firms might try to gain an advantage through early adoption of the new requirements. Schwab suggested instead a single, uniform implementation date that would be no earlier than late 2026, or 6 months after SEC approval of the proposed rule change. Chupick agreed with the 12 month period but similarly noted the risk of customers migrating to firms that are able to implement the new rules more quickly than others. STA recommended a phased implementation timeframe of 18 months and, to prevent firms from being placed at a competitive disadvantage while completing their operational preparations, suggested an interval of 30 to 60 days between FINRA’s announcement of the new requirements and the effective date when members can implement them.

FINRA notes the very strong interest expressed by numerous commenters in

¹¹ See Proposal, 91 FR, 1580, 1584.

¹² See supra note 5.

replacing the current day trading margin requirements with the new, modern intraday standards. Those commenters clearly stated their expectation that implementation proceed promptly. Balanced with this, FINRA notes the concern that it is important to ensure, to the extent possible, that the transition to the new requirements takes place in an orderly and fair fashion. Having considered the comments, FINRA believes that having a limited interval could serve the interests of orderly markets, but this should not be so long as to frustrate the general desire for the transition to proceed expeditiously. As such, if the Commission approves the Proposal, FINRA intends to issue a Regulatory Notice announcing an interval of 45 days from publication of the Regulatory Notice, at which time members that wish to implement the new requirements may do so. With regard to the timeframe for the phase-in period, given the additional information gained from the comments on how much time members may need to prepare, FINRA believes extending the phased implementation timeframe to 18 months from publication of the Regulatory Notice is appropriate.

Comment Opposing the Proposal

As noted above, one commenter expressed opposition to the Proposal. NASAA said that FINRA is proposing to abandon the day trading margin requirements without adequate justification and that many of the risks and concerns that originally led to the adoption of the day trading margin rules persist today. NASAA suggested that zero commission trading platforms may pose harms to small, less experienced retail investors, that “finfluencers” on social media platforms have proliferated and are encouraging risk taking and speculation, and that the entry of younger investors into the markets with higher risk appetites bolsters the need for strong day trading rules. NASAA said that permitting members to use real-time monitoring or perform a single end-of-day calculation gives too much discretion to members. Citing FINRA’s Annual Regulatory Oversight Risk Reports, NASAA suggested that FINRA member firms have difficulties performing credit risk management and said it would be inappropriate to remove or dilute important regulatory guardrails without assurance that firms will manage day trading risks. Further, NASAA said that FINRA did not seek adequate notice and comment on the Proposal, that FINRA’s retrospective review of the requirements governing day trading¹³ is insufficient, and that FINRA should collect more empirical evidence.

FINRA agrees with the importance of margin as a regulatory guardrail. The Proposal does not eliminate margin; it replaces the outdated day trading margin requirements with modern, effective standards that recognize the significant advances in market technology since the time when the day trading margin rules were adopted. Real-

¹³ As recounted in the Proposal, in October 2024 FINRA issued Regulatory Notice 24-13 to commence a retrospective review of the requirements governing day trading to assess their effectiveness and efficiency. See Proposal, 91 FR 1580, 1581.

time monitoring of intraday risk is something that many firms are doing already. The claim that FINRA does not have adequate justification for the rule change minimizes the changes in modern markets and the needs of today's investors, as many expressed in comments to the Proposal.

FINRA therefore disagrees with NASAA's statements in opposition to the Proposal, as do some commenters who responded to the NASAA letter. One commenter responded by expressing frustration with NASAA's portrayal of retail investors and apparent refusal to acknowledge changes in the technological landscape over recent years.¹⁴ This commenter felt NASAA's insistence on maintaining the current \$25,000 minimum equity requirement is a discriminatory type of wealth test that limits millions from taking advantage of modern trading because they do not have large account balances. Another commenter felt that NASAA ignores the numerous risks that retail traders assume in attempting to avoid designation as a pattern day trader.¹⁵ This commenter also expressed puzzlement at NASAA's claim that FINRA has not sought adequate notice and comment on the Proposal, given that the Proposal is quite obviously before the SEC for public comment.

To this, FINRA would further add that we do not share NASAA's view that a retrospective review cannot provide sufficient foundation from which to put forward a proposed rule change. As discussed in the Proposal,¹⁶ FINRA received broad input in response to the retrospective review, and engaged in extensive outreach, the tenor of which reflected strong value in moving to an intraday margin rule. We do not agree that the Proposal dilutes margin and that it is problematic for FINRA to permit flexibility as to the methods members use to implement the requirements. As noted above, FINRA is clear that margin determinations are a matter of the objective definitions and parameters set forth in the Proposal, and members will be expected to act consistently with these standards.

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¹⁴ See letter from Chia (Chia 5).

¹⁵ See letter from Kramer (Kramer 2).

¹⁶ See supra note 13.

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FINRA believes that the foregoing responds to the material issues raised by the commenters to the rule filing and, with this letter, urges the Commission to approve the proposed rule change. If you have any questions, please contact me at (202) 728-6961, email: adam.arkel@finra.org.

Best regards,

/s/

Adam Arkel
Associate General Counsel
Office of General Counsel

Appendix A: Alphabetical List of Commenters to File No. SR-FINRA-2025-017

1. Roger Alan (February 6, 2026)
2. Ashton Allen (“Allen”) (February 13, 2026)
3. Robert Ancha (“Ancha”) (January 13, 2026)
4. Angel Anderson (“Anderson 1”) (January 28, 2026)
5. Angel Anderson (“Anderson 2”) (January 31, 2026)
6. Thomas Androxman (“Androxman”) (February 17, 2026)
7. Anonymous (“Anonymous”) (January 22, 2026)
8. Justin Bentley (“Bentley”) (January 24, 2026)
9. Thomas Berk (“Berk”) (March 10, 2026)
10. Matt Billings, Robinhood Financial LLC and Robinhood Securities, LLC
 (“Robinhood”) (February 4, 2026)
11. Chao (“Chao”) (January 30, 2026)
12. Charles A (“Charles A”) (January 15, 2026)
13. Ethan Chia (“Chia 1”) ((January 13, 2026)
14. Ethan Chia (“Chia 2”) (January 14, 2026)
15. Ethan Chia (“Chia 3”) (January 22, 2026)
16. Ethan Chia (“Chia 4”) (January 31, 2026)
17. Ethan Chia (“Chia 5”) (February 7, 2026)
18. Ethan Chia (“Chia 6”) (February 12, 2026)
19. Swag City (“Swag City”) (January 24, 2026)
20. Jake Chupick, Lightspeed Financial Services Group, LLC (“Chupick”) (February
19, 2026)

21. Michael Claussen (“Claussen”) (January 22, 2026)
22. Monica Cutsforth-Beale (“Cutsforth-Balele”) (February 3, 2026)
23. Cenk Darendeli (“Darendeli”) (February 16, 2026)
24. David (“David”) (January 28, 2026)
25. Katherine Diamond (“Diamond 1”) (March 2, 2026)
26. Katherine Diamond (“Diamond 2”) (March 2, 2026)
27. Gerald J. Driver (“Driver”) (January 13, 2026)
28. Tom Edic (“Edic”) (January 12, 2026)
29. Treavor Anthony English (“English”) (January 15, 2026)
30. Findley Flanagan (“Flanagan”) (January 11, 2026)
31. Ernest F. Fleming, Jr. (“Fleming”) (March 2, 2026)
32. SkillTree Gaming (“SkillTree”) (January 26, 2026)
33. Marni Rock Gibson, North American Securities Administrators Association
 (“NASAA”) (February 4, 2026)
34. Teri Gonzales (“Gonzales”) (January 12, 2026)
35. Graham (“Graham”) (January 16, 2026)
36. Moshe Grama (“Grama”) (January 31, 2026)
37. Jack Griffith (“Griffith”) (January 23, 2026)
38. Russell Grove (“Grove”) (January 27, 2026)
39. Kenneth Hebert (“Hebert”) (January 17, 2026)
40. Frieda Gail Hedglin (“Hedglin”) (January 22, 2026)
41. Abi Hernandez (“Hernandez 1”) (January 13, 2026)
42. Abi Hernandez (“Hernandez 2”) (February 13, 2026)

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43. Randy Lee Hockenberry (“Hockenberry”) (January 14, 2026)
44. Wade Horner (“Horner”) (February 24, 2026)
45. Jie Huang (“Huang”) (January 16, 2026)
46. AJ (“AJ”) (January 14, 2026)
47. Joey O. (“Joey O.”) (January 23, 2026)
48. Alecia Johnson (“A. Johnson”) (January 25, 2026)
49. Jon Johnson (“J. Johnson 1”) (January 29, 2026)
50. Jon Johnson (“J. Johnson 2”) (January 29, 2026)
51. JW (“JW”) (January 27, 2026)
52. Katie Kolchin & Joseph Corcoran, Securities Industry and Financial Markets Association (“SIFMA”) (February 6, 2026)
53. Michael Kramer (“Kramer 1”) (January 28, 2026)
54. Michael Kramer (“Kramer 2”) (February 5, 2026)
55. Kennedy L (“Kennedy L”) (January 16, 2026)
56. Taylor Lee (“T. Lee”) (January 12, 2026)
57. Steven Lee (“S. Lee”) (January 23, 2026)
58. Anastasios Liosatos (“Liosatos”) (January 16, 2026)
59. Roberto Lopez (“Lopez”) (January 22, 2026)
60. Faris Matalka, Charles Schwab & Co., Inc. (“Schwab”) (February 12, 2026)
61. Caleb Miner (“Miner”) (February 2, 2026)
62. William Minerich (“Minerich”) (January 27, 2026)
63. Moe (“Moe”) (January 16, 2026)
64. Terry Monroe (“Monroe”) (January 15, 2026)

65. Nicolas Morgan, Investor Choice Advocates Network (“ICAN”) (February 4, 2026)
66. Joseph Morrell (“Morrell”) (January 16, 2026)
67. Christopher Murrow (“Murrow”) (March 8, 2026)
68. Edward Nasti, Alpaca Securities, LLC (“Alpaca”) (February 4, 2026)
69. Jennifer Nayar, Sterling Trading Tech (“Sterling”) (January 15, 2026)
70. Wanson Ng (“Ng”) (February 27, 2026)
71. Warren Odom (“Odom”) (February 26, 2026)
72. Ohad Oren (“Oren”) (January 16, 2026)
73. Logan Palmer (“Palmer”) (January 16, 2026)
74. Pannu (“Pannu”) (January 19, 2026)
75. Daniel Pardo (“Pardo”) (January 16, 2026)
76. Sagar Paudel (“Paudel”) (February 2, 2026)
77. Corey Peery (“Peery”) (February 12, 2026)
78. Karmic Pretizas (“Pretizas”) (March 16, 2026)
79. Mark Raatz (“Raatz”) (January 12, 2026)
80. Jonathan Rimdzius (“Rimdzius”) (February 4, 2026)
81. Christabelle Rivera (“Rivera”) (March 4, 2026)
82. Christopher Rodriguez (“Rodriguez”) (February 5, 2026)
83. Justin Royse (“Royse”) (January 12, 2026)
84. Sam (“Sam”) (January 16, 2026)
85. Nicholas Sanders (“Sanders”) (January 16, 2026)
86. Kyle Sandvold (“Sandvold”) (January 16, 2026)
87. Patrick Sexton, Cboe Global Markets, Inc. (“Cboe”) (February 17, 2026)

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88. Jason Sierra (“Sierra”) (January 30, 2026)
89. Kevin Skarbeck & James Toes, Security Traders Association (“STA”) (February 20, 2026)
90. Alexander Ski (“Ski”) (January 12, 2026)
91. Michael Sloth (“Sloth 1”) (January 17, 2026)
92. Michael Sloth (“Sloth 2”) (January 17, 2026)
93. James A. Steward (“Steward”) (February 2, 2026)
94. Jeff Streett (“Streett”) (January 13, 2026)
95. J.W. Sung (“Sung”) (January 13, 2026)
96. Tim Taylor (“Taylor”) (January 27, 2026)
97. R Trader (“R Trader”) (January 23, 2026)
98. Robbie Treadway (“Treadway”) (January 16, 2026)
99. Quang Van (“Van”) (January 16, 2026)
100. James Walker (“Walker”) (February 3, 2026)
101. James D.B. Williams (“Williams”) (February 4, 2026)
102. Jeremy Wilson (“Wilson”) (February 12, 2026)

In addition to the comments listed above, five commenters submitted to the SEC Letter Type: A.