

Attachment A

Following shows the amendments pursuant to SR-FINRA-2025-017. New language is underlined; deletions are in brackets.

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4210. Margin Requirements

(a) Definitions

For purposes of this Rule, the following terms shall have the meanings specified below:

(1) through (16) No Change.

(17) The term “IML” or “intraday margin level” means, with respect to a customer’s margin account for a time or IML-reducing transaction in such margin account during a day, either:

(A) the amount of cash that the customer could withdraw while still having the maintenance margin required by provisions of Rule 4210 other than Rule 4210(d)(2); or

(B) the amount of additional cash (expressed as a negative number) that the customer would need to deposit into such margin account for it to have the maintenance margin required by provisions of Rule 4210 other than Rule 4210(d)(2),

in each case determined as of such time or immediately after such IML-reducing transaction in accordance with Rule 4210(d)(2)(B).

(18) The term “IML-reducing transaction” means, with respect to a margin account, any purchase or sale effected in such account (including as the result of the exercise or assignment of an option) that has the effect of reducing

the account's IML, the expiration of any option long in the account that has the effect of reducing the account's IML, and any withdrawal of cash or securities from such account.

(19) The term "intraday margin deficit" means, with respect to a margin account for a day in which there is any IML-reducing transaction in such account, an amount determined in accordance with Rule 4210(d)(2)(B) by the member maintaining such account that is not less than the absolute value of the largest negative IML (if any) with respect to any IML-reducing transaction in such margin account during such day.

(b) Initial Margin

For the purpose of effecting new securities transactions and commitments, the customer shall be required to deposit margin in cash and/or securities in the account which shall be at least the greater of:

(1) through (3) No Change.

(4) equity of at least \$2,000 except that cash need not be deposited in excess of the cost of any security purchased (this equity and cost of purchase provision shall not apply to "when distributed" securities in a cash account). [The minimum equity requirement for a "pattern day trader" is \$25,000 pursuant to paragraph (f)(8)(B)(iv)a. of this Rule.]

Withdrawals of cash or securities may be made from any account which has a debit balance, "short" position or commitments, provided it is in compliance with Regulation T and Rules 400 through 406 of SEC Customer Margin Requirements for Security Futures and Rules 41.42 through 41.49 under the CEA, and after such

withdrawal the equity in the account is at least the greater of \$2,000 [(\$25,000 in the case of a “pattern day trader”)] or an amount sufficient to meet the maintenance margin requirements of this Rule.

(c) No Change.

(d) Additional Margin

(1) House Margin and Limits

Procedures shall be established by members to:

([1]A) review limits and types of credit extended to all customers;

([2]B) formulate their own margin requirements; and

([3]C) review the need for instituting higher margin requirements,

mark-to-markets and collateral deposits than are required by this Rule for individual securities or customer accounts.

(2) Intraday Margin

(A) Determination of Intraday Margin Deficit

Each member shall determine the intraday margin deficit, if any, for each margin account of a customer that it maintains (other than a good faith account or portfolio margin account) and for each day in which there is any IML-reducing transaction in such account.

(B) Determination of IML and Intraday Margin Deficit

For purposes of determining an IML or intraday margin deficit:

(i) the member may follow a written policy or procedure of treating the aggregate amount of such customer’s deposits at

FDIC-insured banks under a Sweep Program operated by such member as a credit balance in such account;

(ii) the member may follow a written policy or procedure of using values that are more recent than the execution price or the previous business day's closing price to determine the current market value of a position, provided that such procedure is reasonably designed for the purpose of making computations using more current market values rather than reducing intraday margin requirements;

(iii) the member may follow a written policy or procedure for the allocation of "as of" actions either to the approximate time and day during which they are processed, or to the earlier time or day recorded for their occurrence, provided that such procedure is reasonably designed for the purpose of addressing "as of" actions rather than reducing intraday margin requirements, and the member redetermines any previously determined intraday margin deficit that is impacted by the allocation of an "as of" action to the earlier time or day;

(iv) the member may treat the following as occurring simultaneously and immediately after the beginning of the day, notwithstanding the actual time of their occurrence:

a. all deposits and withdrawals of cash or securities into or from such margin account during such day; or

b. any transaction that closes a position that was open at the beginning of such day; and

(v) the member may treat as occurring simultaneously:

a. the execution of multiple legs of a spread, or other strategy with a reduced maintenance margin requirement, as a result of a single order submission, or otherwise substantially contemporaneously; or

b. the creation of a position by the assignment or exercise of an option and the liquidation of such position during the same day; and

(vi) except as provided above, if two or more activities in a margin account occurred during a day and the member cannot demonstrate that one activity occurred before another activity, then the IML with respect to such activities shall be computed on the assumption that the activities occurred in an order that results in the highest intraday margin deficit for such day.

(C) Satisfaction of Intraday Margin Deficit

(i) If a margin account (other than a good faith account or portfolio margin account) has an intraday margin deficit with respect to a day in which there is an IML-reducing transaction in such account, then the member shall require such intraday margin deficit to be satisfied as promptly as possible.

(ii) An intraday margin deficit for a day is “satisfied” if, from the end of such day to the end of a subsequent day, the customer has made net deposits, or otherwise caused an increase in the account’s IML, sufficient to equal such intraday margin deficit. Net deposits or increases in IMLs may satisfy multiple outstanding intraday margin deficits for the same margin account.

(iii) 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.

(D) 90 Day Freeze

If a customer makes a practice of failing to satisfy intraday margin deficits as promptly as possible and fails to satisfy an intraday margin deficit by the close of business on the fifth business day after it occurs, the member shall enforce written policies and procedures reasonably designed to prevent the customer from creating or increasing a short position or debit balance (other than by closing a short position) for 90 calendar days after such fifth business day or until the intraday margin deficit has been satisfied (without regard to its expiration pursuant to Rule 4210(d)(2)(C)(iii)). A customer shall not be considered to be making a practice of failing to satisfy intraday margin deficits as promptly as possible due to intraday margin deficits that:

(i) do not exceed the lesser of 5% of the equity in the margin account or \$1,000; or

(ii) are reasonably determined by the member to have occurred under extraordinary circumstances such that failures to satisfy such intraday margin deficits do not reflect a practice of failing to satisfy intraday margin deficits as promptly as possible.

(e) No Change.

(f) Other Provisions

(1) through (7) No Change.

(8) Special Initial and Maintenance Margin Requirements

(A) No Change.

(B) Reserved. [Day Trading]

[(i) The term “day trading” means the purchasing and selling or the selling and purchasing of the same security on the same day in a margin account except for:]

[a. a “long” security position held overnight and sold the next day prior to any new purchase of the same security, or]

[b. a “short” security position held overnight and purchased the next day prior to any new sale of the same security.]

[(ii) The term “pattern day trader” means any customer who executes four or more day trades within five business days.]

[However, if the number of day trades is 6 percent or less of total trades for the five business day period, the customer will not be considered a pattern day trader and the special requirements under paragraph (f)(8)(B)(iv) of this Rule will not apply. In the event that the member at which a customer seeks to open an account or to resume day trading knows or has a reasonable basis to believe that the customer will engage in pattern day trading, then the special requirements under paragraph (f)(8)(B)(iv) of this Rule will apply.]

[(iii) The term “day-trading buying power” means the equity in a customer's account at the close of business of the previous day, less any maintenance margin requirement as prescribed in paragraph (c) of this Rule, multiplied by four for equity securities.]

[The day-trading buying power for non-equity securities may be computed using the applicable special maintenance margin requirements pursuant to other provisions of this Rule.]

[Whenever day trading occurs in a customer's margin account the special maintenance margin required, based on the cost of all the day trades made during the day, shall be 25 percent for margin eligible equity securities, and 100 percent for non-margin eligible equity securities. For non-equity securities, the special maintenance margin shall be as required pursuant to the other provisions of this Rule. Alternatively, when two or more day trades

occur on the same day in the same customer's account, the margin required may be computed utilizing the highest (dollar amount) open position during that day. To utilize the highest open position computation method, a record showing the "time and tick" of each trade must be maintained to document the sequence in which each day trade was completed.]

[When the equity in a customer's account, after giving consideration to the other provisions of this Rule, is not sufficient to meet the day trading requirements of this paragraph, additional cash or securities must be received into the account to meet any deficiency within five business days of the trade date.]

[(iv) Special Requirements for Pattern Day Traders]

[a. Minimum Equity Requirement for Pattern Day Traders — The minimum equity required for the accounts of customers deemed to be pattern day traders shall be \$25,000. This minimum equity must be deposited in the account before such customer may continue day trading and must be maintained in the customer's account at all times.]

[b. In the event that the member at which a customer seeks to open an account or resume day trading in an existing account, knows or has a reasonable basis to believe that the customer will engage in pattern day trading,

then the minimum equity required under subparagraph (iv)a. above (\$25,000) must be deposited in the account prior to commencement of day trading.]

[c. Pattern day traders cannot trade in excess of their day-trading buying power as defined in paragraph (f)(8)(B)(iii) above. In the event a pattern day trader exceeds its day-trading buying power, which creates a special maintenance margin deficiency, the following actions will be taken by the member:]

[1. The account will be margined based on the cost of all the day trades made during the day,]

[2. The customer's day-trading buying power will be limited to the equity in the customer's account at the close of business of the previous day, less the maintenance margin required in paragraph (c) of this Rule, multiplied by two for equity securities, and]

[3. "time and tick" (i.e., calculating margin using each trade in the sequence that it is executed, using the highest open position during the day) may not be used.]

[d. Pattern day traders who fail to meet their special maintenance margin calls as required within five business

days from the date the margin deficiency occurs will be permitted to execute transactions only on a cash available basis for 90 days or until the special maintenance margin call is met.]

[e. Pattern day traders are restricted from using the guaranteed account provision pursuant to paragraph (f)(4) of this Rule for meeting the requirements of paragraph (f)(8)(B).]

[f. Funds deposited into a pattern day trader's account to meet the minimum equity or maintenance margin requirements of paragraph (f)(8)(B) of this Rule cannot be withdrawn for a minimum of two business days following the close of business on the day of deposit.]

[(v) In the event a customer does not meet a special margin maintenance call by the fifth business day, then on the sixth business day only, members are required to deduct from net capital the amount of the unmet special margin maintenance call pursuant to SEA Rule 15c3-1 and, if applicable, Rule 4110(a).]

(9) No Change.

(10) Customer Margin Rules Relating to Security Futures

(A) through (F) No Change.

(G) Additional Requirements

(i) No Change.

(ii) Reserved. [Day trading of security futures is subject to the minimum requirements of this Rule. If deemed a pattern day trader, the customer must maintain equity of \$25,000. The 20 percent requirement, for security futures contracts, should be calculated based on the greater of the initial or closing transaction and any amount exceeding FINRA excess must be collected. The creation of a customer call subjects the account to all the restrictions contained in paragraph (f)(8)(B) of this Rule.]

(iii) Reserved. [The use of the “time and tick” method is based on the member’s ability to substantiate the validity of the system used. Lacking this ability dictates the use of the aggregate method.]

(iv) No Change.

(g) Portfolio Margin

As an alternative to the “strategy-based” margin requirements set forth in paragraphs (a) through (f) of this Rule, members may elect to apply the portfolio margin requirements set forth in this paragraph (g) to all margin equity securities,¹ listed options, security futures products (as defined in Section 3(a)(56) of the Exchange Act), unlisted derivatives, warrants, stock index warrants, and related instruments (as defined in paragraph (g)(2)(D)), provided that the requirements of paragraph (g)(6)(B)(i) of this Rule are met.

In addition, a member, provided that it is a Futures Commission Merchant (“FCM”) and is either a clearing member of a futures clearing organization or has an

affiliate that is a clearing member of a futures clearing organization, is permitted under this paragraph (g) to combine an eligible participant's related instruments with listed index options, unlisted derivatives, options on exchange traded funds ("ETF"), stock index warrants and underlying instruments and compute a margin requirement for such combined products on a portfolio margin basis.

The portfolio margin provisions of this Rule shall not apply to Individual Retirement Accounts ("IRAs").

(1) Monitoring

Members must monitor the risk of portfolio margin accounts and maintain a comprehensive written risk analysis methodology for assessing the potential risk to the member's capital over a specified range of possible market movements of positions maintained in such accounts. The risk analysis methodology shall specify the computations to be made, the frequency of computations, the records to be reviewed and maintained, and the person(s) within the organization responsible for the risk function. This risk analysis methodology must be filed with FINRA, or the member's designated examining authority ("DEA") if other than FINRA, and submitted to the SEC prior to the implementation of portfolio margining. In performing the risk analysis of portfolio margin accounts required by this Rule, each member shall include in the written risk analysis methodology procedures and guidelines for:

(A) through (G) No Change.

(H) determining the need to collect additional margin from a particular eligible participant, including whether that determination was

based upon the creditworthiness of the participant [and/] or the risk of the eligible product; [and]

(I) monitoring the credit exposure resulting from concentrated positions within both individual portfolio margin accounts and across all portfolio margin accounts; [.]

(J) determining and monitoring intraday risk created by activity in each portfolio margin account; and

(K) requiring each portfolio margin account that maintains less than \$5 million in equity to maintain margin for intraday risk that is substantially similar to the margin the member requires for positions existing at the end of the day.

Moreover, management must periodically review, in accordance with written procedures, the member's credit extension activities for consistency with these guidelines. Management must periodically determine if the data necessary to apply this paragraph (g) is accessible on a timely basis and information systems are available to adequately capture, monitor, analyze and report relevant data.

(2) through (12) No Change.

(13) Reserved. [**Day Trading Requirements**— The day trading restrictions promulgated under paragraph (f)(8)(B) of this Rule shall not apply to portfolio margin accounts that establish and maintain at least \$5 million in equity, provided that a member has the ability to monitor the intra-day risk associated with day trading. Portfolio margin accounts that do not establish and maintain at least \$5 million in equity will be subject to the day trading restrictions under

paragraph (f)(8)(B) of this Rule, provided the member has the ability to apply the applicable day trading requirement under this Rule. However, if the position or positions day traded were part of a hedge strategy, the day trading restrictions will not apply. A “hedge strategy” for purposes of this Rule means a transaction or a series of transactions that reduces or offsets a material portion of the risk in a portfolio. Members are expected to monitor these portfolio margin accounts to detect and prevent circumvention of the day trading requirements. In the event day trades executed in a portfolio margin account exceed the day-trading buying power, the day trade margin deficiency that is created must be met by the deposit of cash and/or securities within three business days.]

(14) through (15) No Change.

(h) No Change.

••• **Supplementary Material:** -----

.01 through .06 No Change.

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