

Types of Standard Forms—Subordination Agreements

See Regulatory Notice 10-15 at www.finra.org/notices/10-15 for more information, including details of FINRA's requirements for proposed subordinations.

FINRA Form	Type of Subordination	SEA Rule 15c3-1(d) Debt-Equity Treatment	Type of Lender	Maturity
SL – 31D	Cash Borrowing	Debt	Generally unrestricted	1 Year Minimum
SL – 31E	Cash Borrowing	Equity	Partner/ Stockholder	3 Year Minimum (Debt treatment in last 12 months)
SL – 31T *	Cash Borrowing	Debt (Temporary)	Generally unrestricted	45 Day <u>Maximum</u>
SDN – 32D	Secured Demand Note Agreement	Debt	Generally unrestricted	1 Year Minimum
SDN – 32E	Secured Demand Note Agreement	Equity	Partner/ Stockholder	3 Year Minimum (Debt treatment in last 12 months)
SDN – 32T *	Secured Demand Note Agreement	Debt (Temporary)	Generally unrestricted	45 Day <u>Maximum</u>
REV – 33R	Revolving Cash Borrowing	Debt	Qualified Lender	1 Year Minimum (from the end of the Credit Period)

* FINRA Forms SL – 31T and SDN – 32T are Temporary Subordination Agreements permitted under paragraph (c)(5)(i) of Appendix D. No more than three such agreements are permissible in a 12-month period, each with a stated term of no more than 45 days from the date the agreement became effective. Firms should note that such agreements are for the purpose of enabling a broker or dealer, as set forth in paragraph (c)(5)(i) of Appendix D, to participate as an underwriter of securities or for other extraordinary activities in compliance with SEA Rule 15c3-1.

Investor protection. Market integrity.

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