Financial Reporting Relief

Reporting Relief Relating to Customer and PAIB Reserve Formula Computations and Required Deposits Around the December 2012 Month-End Holidays

Executive Summary

FINRA is notifying firms that staff of the Division of Trading and Markets of the Securities and Exchange Commission (SEC staff) is granting an optional one-day extension—around the December 2012 month-end holidays—to firms for making the deposit of amounts required to be reserved pursuant to SEA Rule 15c3-3. These reserved amounts are based on the Customer and PAIB reserve formula computations prescribed by SEA Rule 15c3-3(e)(3) and computed as of Friday, December 21 and Friday, December 28, 2012.

Questions regarding this Notice should be directed to:

- Kris Dailey, Vice President, Risk Oversight & Operational Regulation, at (646) 315-8434; or
- Yui Chan, Managing Director, Risk Oversight & Operational Regulation, at (646) 315-8426.

Background and Discussion

Weekly Reserve Formula Computation Deposit Requirement

Because the 2012 Christmas Day and 2013 New Year’s Day holidays occur on Tuesdays, SEC staff is granting an optional one-day extension to firms for making the requisite SEA Rule 15c3-3 Reserve Bank Account deposit(s) based on the Friday, December 21 and Friday, December 28 weekly Customer and PAIB reserve formula computations. This extension recognizes that many firm employees may take off Monday, December 24 and Monday, December 31.
The revised deadlines are noted below:

Revised Weekly Reserve Formula Computation Deposit Requirement

<table>
<thead>
<tr>
<th>Week Ending</th>
<th>Original Deadline Date</th>
<th>Extension Date</th>
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<tbody>
<tr>
<td>Friday, December 21</td>
<td>Wednesday, December 26</td>
<td>Thursday, December 27</td>
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<tr>
<td>Friday, December 28</td>
<td>Wednesday, January 2</td>
<td>Thursday, January 3</td>
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Month-End Reserve Formula Computation Deposit Requirement

Firms that report their financials and file a FOCUS report as of the last business day of each month would be required to compute their month-end Customer and PAIB reserve formula calculations as of Monday, December 31, 2012, and to make any requisite SEA Rule 15c3-3 Reserve Bank Account deposit(s) on Thursday, January 3, 2013. Further, pursuant to SEA Rule 15c3-3(e)(3)/01 (Weekly Computation), firms that prepare the month-end Customer and PAIB reserve formula computations as of Monday, December 31, would not be required to prepare the weekly Customer and PAIB reserve formula computations as of the following Friday, January 4, 2013.

As a result of the optional one-day extension on the weekly computations, firms that report their financials as of the last business day of the month and also elect to use the one-day extension may be subject to double deposit(s) on Thursday, January 3, 2013. The double deposit(s) would result from the weekly and month-end Customer and PAIB reserve formula computations required to be computed as of Friday, December 28 and Monday, December 31, respectively. To avoid this duplication, firms may elect to prepare their Friday, January 4, weekly Customer and PAIB reserve formula computation in lieu of the Friday, December 28, weekly computations. This option is only available for December 2012 for firms that report their financials as of the last business day of the month.

Endnotes

1. Paragraph (e)(3) of SEA Rule 15c3-3 requires a broker-dealer to prepare the reserve formula computations, necessary to determine the amount required to be deposited as specified in paragraph (e)(1) of SEA Rule 15c3-3, to be made weekly, as of the close of the last business day of the week, and the deposit so computed to be made no later than one hour after the opening of banking business on the second following business day.