Executive Summary
FINRA is making available updates to interpretations in the Interpretations of Financial and Operational Rules that have been communicated to FINRA by the staff of the SEC’s Division of Trading and Markets (SEC staff). The updated interpretations relate to the effectiveness of amendments that the SEC adopted to Securities Exchange Act (SEA) Rules 15c3-1 and 15c3-3.1

Questions concerning this Notice should be directed to:

- Yui Chan, Managing Director, Risk Oversight and Operational Regulation (ROOR), at (646) 315-8426; or
- Susan DeMando Scott, Associate Vice President, ROOR, at (240) 386-4620.

Background & Discussion
In July 2013, the SEC adopted rule amendments that became effective on March 3, 2014, pursuant to a temporary exemption granted by the SEC.2 As previously announced in Regulatory Notice 14-12, FINRA is updating interpretations in the Interpretations of Financial and Operational Rules related to the SEC’s amendments to SEA Rules 15c3-1 and 15c3-3, as set forth below. Page references are to the hardcopy version. These interpretations are being updated with specific additions, revisions and rescissions.

The following interpretations have been added:

- SEA Rule 15c3-3(a)(1)/022 (Non-Conforming Subordination Agreements for PAB Account Exclusion) on page 2007.
- SEA Rule 15c3-3(a)(16)/01 (Non-Conforming Subordination Agreements for PAB Account Exclusion) on page 2043.
- SEA Rule 15c3-3(a)(16)/02 (Piggyback Carrying Arrangements) on page 2044.
- SEA Rule 15c3-3(d)(4)/01 (Extensions of Time) on page 2341.
- SEA Rule 15c3-3(e)(5)/01 (Cash Deposits in Reserve Bank Accounts – Aggregation of Deposits for Concentration Calculation) on page 2434.
- SEA Rule 15c3-3(Exhibit A – Item 5)/03 (Possession or Control Requirement vs. Non-Customer Short) on page 2695.

The following interpretations have been revised:
- SEA Rule 15c3-1(a)(2)(vi)/04 (Sole Proprietor Joint Securities Account With Spouse) on page 43.
- SEA Rule 15c3-1(a)(2)(vi)/05 (Sole Proprietor IRA, Keogh or ERISA Accounts) on page 44.
- SEA Rule 15c3-1(c)(2)(iv)(B)/111 (Customers’ Unsecured/Partly Secured Deficits Offset by Correspondent’s Deposits) on page 281.
- SEA Rule 15c3-1(c)(2)(iv)(E)/021 (Clearing Deposits of Introducing Brokers) on page 320.
- SEA Rule 15c3-1(c)(2)(iv)(E)/025 (U.S. Broker-Dealer’s Deposit at Foreign Entity) on page 323.
- SEA Rule 15c3-1(c)(2)(iv)(E)/027 (Piggyback Carrying Arrangements) on page 324.
- SEA Rule 15c3-1(c)(2)(iv)(E)/028 (Aged Commissions Receivables) on page 325.
- SEA Rule 15c3-3(a)(1)/01 (Customer/Non-Customer Classification) on page 2002-2004.
- SEA Rule 15c3-3(a)(1)/021 (Non-Conforming Subordination Agreements for Customer Account Exclusion) on page 2006.
- SEA Rule 15c3-3(a)(1)/032 (Foreign Banks - Customer and Non-Customer Classification) on page 2008.
- SEA Rule 15c3-3(a)(1)/033 (Foreign Broker-Dealers - Customer and Non-Customer Classification) on page 2009.
- SEA Rule 15c3-3(a)(6)/012 (Certificates of Deposit in Reserve Bank Accounts) on page 2023.
- SEA Rule 15c3-3(a)(6)/0121 (Certificates of Deposit in Reserve Bank Accounts – Aggregation of Deposits for Concentration Calculation) on page 2024.
- SEA Rule 15c3-3(b)(1)/011 (Borrowing Required) on page 2101.
- SEA Rule 15c3-3(b)(2)/033 (Segregation Management Allocation System) on page 2104.
- SEA Rule 15c3-3(d)(1)/06 (Customer Long vs. Customer, Non-Customer or Proprietary Short) on page 2305.
- SEA Rule 15c3-3(e)(1)/01 (Money Market Deposits in Reserve Bank Accounts) on page 2401.
The following interpretations have been rescinded:

- SEA Rule 15c3-1(c)(2)(iv)(E)/022 (Introducing Firms with No Proprietary Trading Accounts) on page 323.
- SEA Rule 15c3-1(c)(2)(iv)(E)/023 (Introducing Firm’s Net Equity) on page 323.
- SEA Rule 15c3-1(c)(2)(iv)(E)/024 (Proprietary Accounts of Other Broker-Dealers) on page 323.
- SEA Rule 15c3-1(c)(2)(iv)(E)/026 (DVP/RVP Accounts) on page 323.
- SEA Rule 15c3-3(a)(1)/012 (Proprietary Accounts of Foreign Broker-Dealer) on page 2005.
- SEA Rule 15c3-3(e)(3)/051 (Reserve Bank Account Cash Deposits with Parent and/or Affiliated Bank) on page 2433.
- SEA Rule 15c3-3(Exhibit A – Item 4)/03 (Possession or Control Requirement vs. Non-Customer Short Treated as Fail to Receive) on page 2691.

These interpretation updates are available in portable digital format (pdf) on FINRA’s Interpretaions of Financial and Operational Rules page.
Further, SEC staff continues to communicate and issue written and oral interpretations of the financial responsibility and reporting rules. FINRA has previously updated the Interpretations of Financial and Operational Rules on its website in *Regulatory Notices 08-56, 13-44, 14-06, 14-12, 14-25* and *14-38*.

FINRA member firms and others that maintain the hardcopy version of the Interpretations of Financial and Operational Rules may refer to the accompanying updated pages, containing the aforementioned interpretation updates, which are being made available to enable the replacement of existing pages in the hardcopy version of the Interpretations of Financial and Operational Rules. The filing instructions for the new pages are as follows:

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Endnotes


2. See note 1.