

Regulatory Notice

19-11

SEC Financial Responsibility Rules

FINRA Announces Update of the Interpretations of Financial and Operational Rules

Summary

FINRA is making available an update to the Interpretations of Financial and Operational Rules that the staff of the SEC's Division of Trading and Markets (SEC staff) has communicated to FINRA staff. The update relates to Securities Exchange Act (SEA) Rule 15c3-1(c)(2)(viii) (Open Contractual Commitments).

Questions concerning this *Notice* should be directed to:

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Background & Discussion

FINRA is updating the Interpretations of Financial and Operational Rules to add the following new interpretation:

- ▶ SEA Rule 15c3-1(c)(2)(viii)(C)/06 (Underwriting Backstop Agreement). This interpretation relates to the conditions under which an underwriting backstop agreement in a firm commitment underwriting would not give rise to an open contractual commitment charge.

This interpretation update is available in portable digital format (PDF) on FINRA's [Interpretations 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](#), [14-38](#), [15-25](#), [18-03](#) and [18-42](#).

April 9, 2019

Notice Type

- ▶ Guidance

Suggested Routing

- ▶ Compliance
- ▶ Finance
- ▶ Legal
- ▶ Operations
- ▶ Regulatory Reporting
- ▶ Senior Management

Key Topics

- ▶ Backstop Agreements
- ▶ Net Capital
- ▶ Open Contractual Commitments

Referenced Rules & Notices

- ▶ Regulatory Notice 08-56
- ▶ Regulatory Notice 13-44
- ▶ Regulatory Notice 14-06
- ▶ Regulatory Notice 14-12
- ▶ Regulatory Notice 14-25
- ▶ Regulatory Notice 14-38
- ▶ Regulatory Notice 15-25
- ▶ Regulatory Notice 18-03
- ▶ Regulatory Notice 18-42
- ▶ SEA Rule 15c3-1



Financial Industry Regulatory Authority

FINRA member firms and others that maintain a hardcopy version of the Interpretations of Financial and Operational Rules may replace the existing page in their hardcopy version by printing the accompanying [updated page](#). The filing instruction for the new page is as follows:

SEA Rule	Remove Old Page	Add New Page
15c3-1	654	654