

MEMORANDUM

TO: File Number S7-08-23

FROM: Valentina Minak Deng
Special Counsel
Office of Financial Responsibility, Division of Trading and Markets
U.S. Securities and Exchange Commission (“Commission”)

DATE: October 4, 2023

RE: Meeting with Representatives of Financial Industry Regulatory Authority
 (“FINRA”)

On August 17, 2023, Valentina Deng, Special Counsel at the Commission, met via teleconference with Ann Duguid and Kris Dailey of FINRA.

FINRA and SEC staff discussed amending FOCUS Report Part IIA (available at https://www.sec.gov/files/formx-17a-5_2f.pdf) so that the FOCUS Report Part IIA would reflect that all broker-dealers, irrespective of whether such broker-dealers compute their net capital using the aggregate indebtedness standard or the alternative standard, are required to compute and comply with the debt-equity requirements set forth in paragraph (d) of the broker-dealer net capital rule (17 CFR 240.15c3-1). FINRA and Commission staff further discussed two potential options for addressing the issue.

First, current line 20 on page 6 of the FOCUS Report could be repeated in the “Computation of Alternative Net Capital Requirement” sub-section while maintaining the same box #3860 for both current line 20 and the new added line. Second, current line 20 on page 6 of the FOCUS Report could be relocated to a new sub-section that applies to all broker-dealer types (i.e., both aggregate indebtedness standard and alternative standard firms).