

Proposed Amendments to Electronic Recordkeeping Requirements



The SEC is proposing to update the electronic recordkeeping requirements for broker-dealers, security-based swap dealers (SBSDs), and major security-based swap participants (MSBSPs).

Why This Matters

The SEC's broker-dealer electronic recordkeeping rule was adopted in 1997. The current rule requires that records be preserved exclusively in a non-rewriteable, non-erasable format (otherwise known as write once, read many). This requirement may not be compatible with modern electronic recordkeeping systems. The proposed amendments are designed to modernize the rule and make it technology neutral to keep pace with innovations in electronic recordkeeping. The amendments also would enhance the electronic recordkeeping requirements for SBSDs and MSBSPs. Finally, the amendments would promote the Commission's investor protection function by facilitating inspections and examinations of broker-dealers, SBSDs, and MSBSPs.

Rules That Are Affected

- Exchange Act Rules 17a-4(f) and (j) set forth the electronic recordkeeping and prompt production of records requirements for broker-dealers.
- Rules 18a-6(e) and (g) set forth the electronic recordkeeping and prompt production of records requirements for SBSDs and MSBSPs.
- The requirements in both sets of rules apply to records that these registrants must preserve for specified periods of time (e.g., three or six years).

What's Required

The proposed amendments would modify the rules to make them more technology neutral, including by:

- Adding an audit-trail alternative to the current requirement that broker-dealers preserve electronic records exclusively in a non-rewriteable, non-erasable format (otherwise known as write once, read many);
- Requiring that, to meet the audit-trail alternative, a broker-dealer's electronic recordkeeping system must preserve electronic records in a manner that permits the recreation of an original record if it is altered, over-written, or erased;

- Requiring that nonbank SBSBs and MSBSPs preserve electronic records in a manner that: (1) meets the audit-trail requirement; or (2) preserves the records exclusively in a non-rewriteable, non-erasable format;
- Requiring that broker-dealers, SBSBs, and MSBSPs produce electronic records in a reasonably usable electronic format to allow securities regulators to search and sort information on the records;
- To address cyber security concerns, replacing a requirement in the broker-dealer recordkeeping rule that a third party with the ability to access the firm's electronic records must undertake to provide the records to securities regulators if the firm refuses to do so with a requirement that a senior officer undertake this responsibility; and
- Adding a similar senior officer requirement to the SBSB and MSBSP rule.

Additional Information:

Visit [sec.gov](https://www.sec.gov) to find for more information about the proposed amendments and the full text of the proposing release. The proposals will be published on [SEC.gov](https://www.sec.gov) and in the Federal Register. The public comment period will remain open for 30 days after publication in the Federal Register.