



DIVISION OF
TRADING AND MARKETS

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

February 26, 2025

Mr. Ryan P. Hayden, Esq.
Steptoe
1330 Connecticut Avenue, NW
Washington, DC 20036-1795

Re: Marex Securities Products Inc. - Timing of Initial Submission of Certain Annual Reports and Reviews

Dear Mr. Hayden:

In your February 26, 2025 letter ("Letter"), on behalf of Marex Securities Products Inc. (the "Firm"), you request assurance that the staff of the Division of Trading and Markets ("Division staff") of the U.S. Securities and Exchange Commission ("Commission") will not recommend enforcement action to the Commission under Sections 15F(f) and (k)(3) of the Securities Exchange Act of 1934 ("Exchange Act")¹, the security-based swap dealer ("SBSD") risk management rules (Rule 18a-1(f) which requires compliance with most of Rule 15c3-4),² the SBSD capital rule (Rule 18a-1),³ the SBSD reporting rule (Rule 18a-7),⁴ and the SBSD chief compliance officer rule (Rule 15Fk-1)⁵ if the Firm incorporates certain annual reports and reviews for the first fiscal year after the Firm's registration with the Commission as an SBSD into the reports and reviews for its second fiscal year after registration with the Commission as an SBSD. In particular, the Firm requests relief from the following requirements:

1. to file a financial report pursuant to Rule 18a-7(c)(1)(i)(A) and a report prepared by an independent public accountant covering the financial report pursuant to Rule 18a-7(c)(1)(i)(C);
2. to file a compliance report or an exemption report pursuant to Rule 18a-7(c)(1)(i)(B)(1) or (2), as applicable, and a report prepared by an independent public accountant covering the compliance report or exemption report pursuant to Rule 18a-7(c)(1)(i)(C);
3. to post a financial report on its website pursuant to Rule 18a-7(b)(1);

¹ 15 U.S.C. 78o-10(f) and (k)(3).

² 17 CFR 240.18a-1(f); 17 CFR 240.15c3-4.

³ 17 CFR 240.18a-1.

⁴ 17 CFR 240.18a-7.

⁵ 17 CFR 240.15Fk-1.

4. to retain an independent certified public accountant to conduct an annual review of the firm's risk management systems, pursuant to Rule 18a-1(f) (which includes a requirement to comply with Rule 15c3-4(c)(3)); and
5. to prepare a compliance report pursuant to Rule 15Fk-1(c) and to submit it to the Commission pursuant to Rule 15Fk-1(c)(2)(ii)(A).

(collectively, "Reports and Reviews").⁶ Based on the Letter, we understand the following facts and circumstances are relevant to your request.

Background

On December 27, 2024, the Firm filed with the Commission an application for registration as an SBSB. As part of its SBSB application, the Firm attested to having developed and implemented written policies and procedures reasonably designed to prevent violation of the federal securities laws and the rules thereunder. The Firm's fiscal year-end is December 31, 2024. Accordingly, the time period between its registration and its first fiscal year-end is five calendar days. MSPI executed its first security-based swap ("SBS") on November 4, 2024.

The Firm does not have a prudential regulator, is not registered as a broker-dealer (including not registered as an over-the-counter derivatives dealer), is not applying substituted compliance with respect to Rule 18a-1, is not using a value-at-risk model to compute its net capital requirements, and intends to operate pursuant to an exemption from the segregation requirements of Rule 18a-4. Although the Firm has an existing relationship with an independent auditor, that auditor would be conducting a first-time audit of MSPI's systems, processes, and controls, and is not currently familiar with those systems.

Your Request

Given the short time period between the Firm's registration as an SBSB and its fiscal year-end, the Letter requests that the staff of the Commission provide assurance that it will not recommend enforcement action to the Commission under Sections 15F(f) and (k)(3) of the Exchange Act and Rule 18a-1(f) (which includes a requirement to comply with Rule 15c3-4(c)(3)), Rule 18a-7(c)(1)(i)(A), Rule 18a-7(c)(1)(i)(B)(1) or (2), as applicable, Rule 18a-7(c)(1)(i)(C), Rule 18a-7(b)(1), and Rule 15Fk-1(c) (including without limitation Rule 15Fk-1(c)(2)(ii)(A))

⁶ See paragraph (c)(1)(i)(A) of Rule 18a-7 (requiring an SBSB to file an annual financial report), paragraph (f) of Rule 18a-1 (requiring an SBSB to comply with most of the provisions of Rule 15c3-4, including paragraph (c)(3) of Rule 15c3-4 requiring these annual reviews of risk management systems by certified public accountants), paragraphs (c)(1)(i)(B) and (c)(1)(i)(C) of Rule 18a-7 (requiring an SBSB claiming or not claiming an exemption from segregation requirements under Rule 18a-4 to file an exemption report or compliance report, as applicable, as well as a report prepared by an independent public accountant covering the exemption report or compliance report and financial report), paragraph (c) of Rule 15Fk-1 (requiring the chief compliance officer of an SBSB to annually prepare and sign a compliance report and requiring the SBSB to submit the compliance report with the Commission within 30 business days following the deadline for filing the annual financial report) and paragraph (b)(1) of Rule 18a-7 (requiring certain SBSBs to make publicly available the annual reports within 10 business days after the date the firm is required to file its annual reports with the Commission).

thereunder), if the Firm incorporates the Reports and Reviews for the first fiscal year after it is registered with the Commission as an SBSB (i.e., the fiscal year ended on December 31, 2024) into the Reports and Reviews for its second fiscal year after registration with the Commission as an SBSB (i.e., the fiscal year ending on December 31, 2025).

Response

Based on the facts and circumstances described in the Letter (and without necessarily agreeing with any conclusions or analysis set forth therein), Division staff will not recommend enforcement action to the Commission under Sections 15F(f) and (k)(3) of the Exchange Act and Rule 18a-1(f) (which includes a requirement to comply with Rule 15c3-4(c)(3)), and Rule 15Fk-1(c) (including without limitation Rule 15Fk-1(c)(2)(ii)(A) thereunder) if the Firm incorporates the Reports and Reviews identified in these rules for the Firm's first fiscal year after it registered with the Commission as an SBSB, beginning on December 27, 2024 and ending on December 31, 2024, into the compliance report for its second fiscal year after registration with the Commission as an SBSB (i.e., the fiscal year ending on December 31, 2025).

Additionally, based on the facts and circumstances described in the Letter (and without necessarily agreeing with any conclusions or analysis set forth therein), Division staff will not recommend enforcement action to the Commission under Section 15F(f) of the Exchange Act and Rule 18a-7(c)(1)(i)(A), Rule 18a-7(c)(1)(i)(B)(1) or (2), as applicable, Rule 18a-7(c)(1)(i)(C), and Rule 18a-7(b)(1), if the Firm incorporates the Reports and Reviews identified in these rules for the first fiscal year of the Firm's security-based swap trading activity, beginning on November 4, 2024 and ending on December 31, 2024, into the Reviews and Reports for the second fiscal year after registration with the Commission as an SBSB (i.e., the fiscal year ending on December 31, 2025).

This Division staff position is based strictly on the facts and circumstances stated in the Letter. Any different facts or circumstances from those set forth in the Letter may require a different response. Furthermore, this response expresses the Division staff's position on enforcement action only and does not purport to express any legal conclusions on the questions presented. The Division staff expresses no view with respect to any other questions that the proposed activities may raise, including the applicability of any other federal, state, or foreign laws. This position is subject to modification or revocation at any time.

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If you have any questions regarding this letter, please contact Valentina Deng, Special Counsel, Thomas McGowan, Associate Director, Kelly Shoop, Branch Chief, Lourdes Gonzalez, Assistant Director, or Carol McGee, Associate Director, at (202) 551-5500.

Sincerely,



Thomas K. McGowan
Associate Director
Division of Trading and Markets



Emily Westerberg Russell
Chief Counsel
Division of Trading and Markets



Carol McGee
Associate Director
Division of Trading and Markets

February 26, 2025

Ryan P. Hayden

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Mr. Thomas K. McGowan
Ms. Emily Westerberg Russell
Ms. Carol M. McGee
Associate Directors
Division of Trading and Markets
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

RE: Marex Securities Products Inc., Timing of Initial Submission of Certain Annual Reports and Reviews

Dear Associate Directors:

We are writing on behalf of our client, Marex Securities Products Inc. (“MSPI”), a conditionally registered security-based swap dealer (“SBSD”), to request assurance that the staff of the Division of Trading and Markets of the Securities and Exchange Commission (“Commission,” or “Staff”) will not recommend enforcement action to the Commission under Sections 15F(f) and (k)(3) of the Securities Exchange Act of 1934 (“Exchange Act”), the security-based swap dealer (“SBSD”) risk management rules (Rule 18a-1(f) which requires compliance with most of Rule 15c3-4), the SBSD reporting rule (Rule 18a-7) and the SBSD chief compliance officer rule (Rule 15Fk-1), if MSPI incorporates certain annual reviews and reports for the first fiscal year (“FY”) after its registration with the Commission as an SBSD into the reviews and reports for its second fiscal year after registration with the Commission as an SBSD. In particular, MSPI requests relief from the following requirements:

1. to file a financial report pursuant to Rule 18a-7(c)(1)(i)(A) and a report prepared by an independent public accountant covering the financial report pursuant to Rule 18a-7(c)(1)(i)(C);
2. to file a compliance report or an exemption report pursuant to Rule 18a-7(c)(1)(i)(B)(1) or (2), as applicable, and a report prepared by an independent public accountant covering the compliance report or exemption report pursuant to Rule 18a-7(c)(1)(i)(C);
3. to post a financial report on its website pursuant to Rule 18a-7(b)(1);
4. to retain an independent certified public accountant to conduct an annual review of the firm’s risk management systems, pursuant to Rule 18a-1(f) (which includes a requirement to comply with Rule 15c3-4(c)(3)); and
5. to prepare a compliance report pursuant to Rule 15Fk-1(c) and to submit it to the Commission pursuant to Rule 15Fk-1(c)(2)(ii)(A).

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(collectively, “Reports and Reviews”).¹ MSPI’s request is similar to the Division of Trading and Markets’ staff’s no-action letter not objecting to newly registered SBSDs consolidating certain reports and reviews for their first and second fiscal years if the first fiscal year is not greater than five months, which was one element of the facts and circumstances specified in that letter.²

Background

On December 27, 2024, MSPI filed a complete SBSD application with the Commission, becoming a conditionally registered SBSD on such date. MSPI observes a calendar fiscal year, and therefore was an SBSD for only five calendar days in its first fiscal year in 2024. MSPI executed its first security-based swap (“SBS”) transaction on November 4, 2024.

MSPI does not have a prudential regulator, is not registered as a broker-dealer (including not registered as an over-the-counter derivatives dealer), is not applying substituted compliance with respect to Rule 18a-1, is not using a value-at-risk model to compute its net capital requirements, and intends to operate pursuant to an exemption from the segregation requirements of Rule 18a-4. Although MSPI has an existing relationship with an independent auditor, that auditor would be conducting a first-time audit of MSPI’s systems, processes, and controls, and is not currently familiar with those systems.

Absent the requested no-action relief, MSPI would be required to undertake and file or submit Reports and Reviews covering five calendar days as a registered SBSD, which we respectfully believe would not possess meaningful substance in light of MSPI’s limited time as a registered

¹ See paragraph (c)(1)(i)(A) of Rule 18a-7 (requiring an SBSD to file an annual financial report), paragraph (f) of Rule 18a-1 (requiring an SBSD to comply with most of the provisions of Rule 15c3-4, including paragraph (c)(3) of Rule 15c3-4 requiring these annual reviews of risk management systems by certified public accountants), paragraphs (c)(1)(i)(B) and (c)(1)(i)(C) of Rule 18a-7 (requiring an SBSD claiming or not claiming an exemption from segregation requirements under Rule 18a-4 to file an exemption report or compliance report, as applicable, as well as a report prepared by an independent public accountant covering the exemption report or compliance report and financial report), paragraph (c) of Rule 15Fk-1 (requiring the chief compliance officer of an SBSD to annually prepare and sign a compliance report and requiring the SBSD to submit the compliance report with the Commission within 30 business days following the deadline for filing the annual financial report) and paragraph (b)(1) of Rule 18a-7 (requiring certain SBSDs to make publicly available the annual reports within 10 business days after the date the firm is required to file its annual reports with the Commission).

² See letter from Mr. Michael A. Macchiaroli, Associate Director, Division of Trading and Markets, Securities and Exchange Commission to Ms. Kyle Brandon, Managing Director, Head of Derivatives Policy, Securities Industry and Financial Markets Association (Feb. 23, 2022). Mr. Thomas K. McGowan, Associate Director, Division of Trading and Markets, Securities and Exchange Commission; Ms. Emily Westerberg Russell, Associate Director, Division of Trading and Markets, Securities and Exchange Commission; Ms. Carol M. McGee, Associate Director, Division of Trading and Markets, Securities and Exchange Commission.

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SBSD during FY 2024. As part of its SBSD application, MSPI attested to having developed and implemented written policies and procedures reasonably designed to prevent violation of the federal securities laws and the rules thereunder.

Request for Relief

Given the short time period between MSPI's registration as an SBSD and its fiscal year-end, MSPI respectfully requests that the Staff provide assurance that it will not recommend enforcement action to the Commission under Sections 15F(f) and (k)(3) of the Exchange Act and Rule 18a-1(f) (which includes a requirement to comply with Rule 15c3-4(c)(3)), and Rule 15Fk-1(c) (including without limitation Rule 15Fk-1(c)(2)(ii)(A) thereunder), if MSPI incorporates the Reports and Reviews identified in these rules for the first fiscal year after it is registered with the Commission as an SBSD, beginning on December 27, 2024 and ending on December 31, 2024, into the Reports and Reviews for its second fiscal year after registration with the Commission as an SBSD (i.e., the fiscal year ended on December 31, 2025).

Further, MSPI respectfully requests that the Staff provide assurance that it will not recommend enforcement action to the Commission with respect to Section 15F(f) of the Exchange Act and Rule 18a-7(c)(1)(i)(A), Rule 18a-7(c)(1)(i)(B)(1) or (2), as applicable, Rule 18a-7(c)(1)(i)(C), and Rule 18a-7(b)(1), if MSPI incorporates the Reports and Reviews identified in these rules for the first fiscal year of SBS trading activity, beginning on November 4, 2024 and ending on December 31, 2024, into the Reports and Reviews for its second fiscal year after registration with the Commission as an SBSD (i.e., the fiscal year ending on December 31, 2025).

Please feel free to contact me should you have any questions.

Sincerely,



Ryan P. Hayden