



FACT SHEET

Proposed Amendments to the Rule Governing Information Reviews for OTC Equity Quotations

- Rule 15c2-11 requires a broker or dealer, before initiating (or resuming) any quotation for an over-the-counter (OTC) security in a quotation medium, to gather and review specified information regarding the security and its issuer.
- The proposed amendments would replace the term “security” in Rule 15c2-11 with the term “equity security,” as defined in Rule 3a11-1.

Why This Matters

In 2020, Rule 15c2-11 was amended to require that specified information be current and publicly available for brokers and dealers to publish a quotation for, or maintain a continuous quoted market in, a security in a quotation medium. Following the adoption of the 2020 amendments to Rule 15c2-11, numerous industry participants stated that they never understood Rule 15c2-11 to apply to non-equity securities and expressed concerns with the potential burdens of applying the amended rule to fixed-income securities. After industry participants shared their concerns regarding Rule 15c2-11’s application, the Commission provided exemptive relief and the staff issued a no-action letter addressing the vast majority of fixed-income securities. Accordingly, the Commission is proposing amendments to Rule 15c2-11 to replace the term “security” with “equity security,” as defined in Exchange Act Rule 3a11-1.

How This Rule Applies

Under the proposed amendments, Rule 15c2-11 would continue to apply to brokers and dealers initiating (or resuming) quotations in a quotation medium for any equity security as defined in Rule 3a11-1. The proposed amendments would not change the substantive information gathering and review requirements under existing Rule 15c2-11(a).

What’s Next?

The proposing release is published on SEC.gov and will be published in the Federal Register. The public comment period will remain open for 60 days after the date of publication in the Federal Register.