

MEMO# 32329

March 27, 2020

SEC Issues COVID-19-Related Temporary Exemptive Relief for Broker-Dealers from Certain Order Handling Disclosure Rules

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March 27, 2020 TO: Equity Markets Advisory Committee RE: SEC Issues COVID-19-Related Temporary Exemptive Relief for Broker-Dealers from Certain Order Handling Disclosure Rules

On March 25, the SEC issued temporary exemptive relief from certain requirements of Rule 606 for broker-dealers whose operations may be affected by the coronavirus. Rule 606, as recently amended, requires broker-dealers to provide detailed disclosures about order handling practices.[\[1\]](#) The SEC issued the relief in light of the business continuity and market volatility challenges presented by the coronavirus.

The exemptive order is summarized below.

Rule 606(a)

Rule 606(a) requires broker-dealers to provide quarterly, aggregated public disclosure of its routing and handling of orders submitted on a held basis in NMS stock. The rule requires broker-dealers to generate their initial public reports on first quarter 2020 held order data on April 30, 2020. The exemptive order extends the compliance date for this requirement to May 29, 2020.[\[2\]](#)

Rule 606(b)(3)

Rule 606(b)(3) generally requires a broker-dealer, upon a customer request, to provide customer-specific disclosures related to the routing and execution of the customer's NMS stock orders submitted on a not held basis for the prior six months. These disclosures must be provided within seven business days of receiving the request. For broker-dealers that outsource routing activity, the rule requires them to collect data of that activity starting on April 1, 2020 and to provide the April data report within seven business days starting from May 16, 2020 (for customer requests made on or before May 15).

The exemptive order:

- extends the compliance date for collecting data on outsourced routing activity to June

1, 2020; and

- extends the compliance date for providing the June data report to July 29, 2020 (for customer requests made on or before July 17).^[3]

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endnotes

[1] The exemptive order can be accessed at <https://www.sec.gov/rules/exorders/2020/34-88478.pdf>. As we previously notified you, the SEC has twice extended the original compliance dates for the amended rule as originally adopted in 2018. ICI Memorandum No. 31956, SEC Delays Compliance Date for Certain Order Disclosure Rules (Sept. 10, 2019), *available at* https://www.ici.org/my_ici/memorandum/memo31956.

[2] Broker-dealers have been required to collect that data since January 1, 2020, but otherwise were not required to generate a report until the end of April 2020.

[3] Pursuant to the relief, the SEC notes that if a customer requests a report of June 2020 data on July 1, 2020, the broker-dealer is not required to provide the report within seven business days of July 1, 2020. Instead, the broker-dealer is required to provide the report no later than July 29, 2020. Any request received after July 17, however, would be due seven business days after such request.