

**MEMO# 30883**

September 22, 2017

# **FINRA Issues Frequently Asked Questions and Delays Implementation Date for Margin Requirements on TBA Transactions**

[30883]

September 22, 2017 TO: ICI Members SUBJECTS: Derivatives  
Trading and Markets RE: FINRA Issues Frequently Asked Questions and Delays  
Implementation Date for Margin Requirements on TBA Transactions

FINRA recently issued frequently asked questions and responses (“FAQs”) relating to new margin requirements for “to-be-announced” transactions (“TBAs”) and other transactions under FINRA Rule 4210.[\[1\]](#) The FAQs address several scenarios and provide guidance, among other items, on:

- minimum transfer amounts;
- mark-to-market disputes;
- margin collection and liquidation over foreign holidays;
- extensions of time for margin requirements;
- eligibility for “cash account exceptions;”
- master securities forward transaction agreements and other documentation;
- determination of eligible collateral and their value;
- determination of counterparty status;
- computation of maintenance margin;
- third-party custodial arrangements;
- standby commitments;
- clearing agencies; and
- specific types of collateralized mortgage obligations.

FINRA indicates that it may update the FAQs periodically.

In a related rule filing, FINRA extended the initial December 15, 2017 implementation date for the margin requirements to June 25, 2018.[\[2\]](#)

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**endnotes**

[1] See *Frequently Asked Questions & Guidance: Covered Agency Transactions Under FINRA Rule 4210*, available at [http://www.finra.org/sites/default/files/faq\\_coveredtransactions\\_rule4210.pdf](http://www.finra.org/sites/default/files/faq_coveredtransactions_rule4210.pdf). FINRA Rule 4210 requires FINRA members engaging in TBAs and other “Covered Agency Transactions” to receive a minimum amount of margin from counterparties. The rule defines “Covered Agency Transactions” to include TBAs and specified pool transactions (both as defined under FINRA rules) for which the difference between the trade date and contractual settlement date is greater than one business day, as well as certain collateralized mortgage obligations (as defined under FINRA rules) for which the difference between the trade date and contractual settlement date is greater than three business days.

[2] See *Proposed Rule Change to Delay the Implementation Date of Certain Amendments to FINRA Rule 4210 Approved Pursuant to SR-FINRA-2015-036* (Sept. 19, 2019), available at <http://www.finra.org/sites/default/files/SR-FINRA-2017-029.pdf>. Because FINRA represents that the extension does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the SEC may designate, FINRA has deemed the extension to become effective automatically.