

**MEMO# 35936**

November 25, 2024

# **SEC Staff Extends Indefinitely Rule 15c2-11 Compliance Relief for Fixed Income Securities**

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TO: ICI Members  
Fixed-Income Advisory Committee  
SEC Rules Committee  
Small Funds Committee SUBJECTS: Compliance  
Fixed Income Securities  
Investment Advisers  
Portfolio Oversight  
Risk Oversight  
Trading and Markets RE: SEC Staff Extends Indefinitely Rule 15c2-11 Compliance Relief for Fixed Income Securities

Last week, the SEC staff extended indefinitely compliance relief from Exchange Act Rule 15c2-11 (the "rule") for brokers and dealers publishing or submitting quotations for fixed income securities.[\[1\]](#) The prior SEC staff relief—which the 2024 Letter withdraws—would have expired in January 2025.

## **Background**

The SEC adopted the rule in 1971 and last amended it in 2020. The rule governs the publication or submission of quotations for securities by broker-dealers in a quotation medium other than a national securities exchange i.e., over-the-counter (OTC) securities. More specifically, it requires broker-dealers to collect, record, and review for currency, accuracy, reliability and "public availability" certain information related to issuers and their securities before publishing or submitting quotations on a quotation medium.

Market participants had long understood the rule's intent to be protecting retail investors from fraud in the OTC equity markets. In 2021, however, the SEC staff stated that the rule has applied to "all securities including fixed income securities except for 'exempt securities'..." since its 1971 adoption.[\[2\]](#)

Following this 2021 staff statement, the SEC[\[3\]](#) and its staff[\[4\]](#) had provided related relief to ameliorate its practical impact. However, the 2022 Letter would have expired on January 4,

2025.

ICI had shared its concerns about applying the rule to fixed income securities in 2021 and 2022.<sup>[5]</sup> Last week, ICI and SIFMA AMG submitted a joint letter to Chair Gensler, in which we recommended that the SEC or staff extend indefinitely the 2022 Letter's relief, and leave such relief in place unless and until the SEC adopts any fixed income-specific rule amendments after engaging in a robust notice-and-comment rulemaking process.<sup>[6]</sup>

## Summary of the 2024 Letter

The 2024 Letter is generally consistent with our recommendation. Significantly, the 2024 Letter does not have an expiration date, as the 2022 Letter did. Similar to the 2022 Letter, the 2024 Letter provides brokers and dealers relief for fixed income securities or issuers meeting one of the following criteria:

- The issuer also has a class of securities that is listed on a national securities exchange;
- The issuer is subject to the requirement to file reports pursuant to Sections 13 or 15(d) of the Exchange Act and has filed all required periodic reports, as applicable, during the preceding 12 months (or for such shorter period that the issuer was required to file such reports);
- The issuer has a class of equity securities that is exempt from registration pursuant to Rule 12g3-2(b) under the Exchange Act;
- The fixed income security is issued by an issuer where a qualified interdealer quotation system makes a publicly-available determination (in accordance with the requirements in Rule 15c2-11(a)(3)) that there is current and publicly available information about the issuer for any class of security of the issuer that is eligible for an exception in paragraphs (f)(2)(iii)(B), (f)(3)(ii)(A), or (f)(7) of the rule;
- There is current and publicly available information (consistent with Rule 15c2-11(b)) about the issuer of the subject security; and
- The issuer of the fixed income security is a bank as defined in Section 3(a)(6) of the Exchange Act, a bank holding company, or a credit union regulated by the NCUA that reports information to the Federal Financial Institutions Examination Council or files call reports with the NCUA.<sup>[7]</sup>

Unlike the 2022 Letter, the 2024 Letter:

- Does not provide relief for Rule 144A fixed income securities because the SEC provided exemptive relief for those in 2023;<sup>[8]</sup> and
- Also provides relief for certain asset-backed securities.<sup>[9]</sup>

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## Notes

<sup>[1]</sup> [Letter from Josephine Tao, Assistant Director, Office of Trading Practices, Division of Trading and Markets, to FINRA](#) (Nov. 22, 2024) ("2024 Letter").

<sup>[2]</sup> [Letter from Josephine Tao, Assistant Director, Office of Trading Practices, Division of Trading and Markets, to FINRA](#) (Sept. 24, 2021).

[3] See [Order Granting Broker-Dealers Exemptive Relief, Pursuant to Section 36\(a\) and Rule 15c2-11\(g\) under the Securities Exchange Act of 1934, from Rule 15c2-11 for Fixed-Income Securities Sold in Compliance with the Safe Harbor of Rule 144A under the Securities Act of 1933](#), SEC Release No. 34-98819 (Oct. 30, 2023), 88 Fed. Reg. 75343 (Nov. 2, 2023).

[4] See, e.g., [Letter from Josephine Tao, Assistant Director, Office of Trading Practices, Division of Trading and Markets, to FINRA](#) (Nov. 30, 2022) ("2022 Letter"). This Letter states that the Division of Trading and Markets will not recommend enforcement action to the SEC under the rule for brokers or dealers that publish or submit quotations for fixed income securities if the broker or dealer has determined that the fixed income security or its issuer meets one of the criteria in Appendix A of the letter, or that there is current and publicly available financial information about the issuer. Appendix A sets forth several broad categories of fixed income securities.

[5] [Letter from ICI, SIFMA AMG, IAA, MFA, and CCMC to SEC Chair Gary Gensler](#) (Sept. 23, 2021). ICI then sent a follow-up letter focused on the dangers of the rule's application to Rule 144A debt securities ([ICI Letter to SEC Chair Gary Gensler](#) (Oct. 25, 2022)).

[6] [Letter from ICI and SIFMA AMG to Chair Gensler](#) (Nov. 21, 2024).

[7] Also, the 2024 Letter (like the 2022 Letter) extends relief to "brokers or dealers that publish or submit quotations...for any fixed income security if the broker or dealer reasonably has determined that the fixed income security is foreign sovereign debt or a debt security guaranteed by a foreign government."

[8] See *supra*, note 3.

[9] Specifically, those where "[t]he issuer ... is an asset-backed issuer covered by the 2011 no-action position from the Division of Corporation Finance regarding its reporting requirements in respect of its outstanding asset-backed securities." See [Letter from Steven Hearne, Special Counsel, Division of Corporation Finance](#) (Jan. 6, 2011).