

## Press Release

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# SEC Updates Filing Threshold to Rule 17h Reporting Requirements for Broker-Dealers

### FOR IMMEDIATE RELEASE

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*Washington D.C., June 29, 2020* — The Securities and Exchange Commission today issued an order to update the filing threshold for broker-dealers' Form 17-H filings made pursuant to Exchange Act Rules 17h-1T and Rule 17h-2T. The threshold, which had not been updated in nearly 30 years, will exempt certain smaller broker-dealers from the reporting requirements of the rules while continuing to provide important information to the Commission on the financial condition of covered broker-dealers and their affiliates.

The order follows the recommendation of the SEC's Office of Inspector General, published earlier this year, that raising the reporting threshold would, among other things, increase the overall efficiency of the Form 17-H filing intake and review processes and reduce the reporting burden on smaller broker-dealer firms.

"This Commission order will reduce the regulatory burden for certain smaller broker-dealers in a targeted, measured manner that preserves reporting by firms representing approximately 98 percent of the total capital of firms currently subject to our 17h Rules," said Brett Redfearn, Director of the SEC's Division of Trading and Markets. "This action will modernize the application of the 17h Rules and enhance the efficiency and efficacy of our oversight of the broker-dealers that continue to be subject to those rules. I would like to thank all of the SEC staff that worked on this action."

In 1992, the Commission adopted the 17h Rules, which set forth specified recordkeeping and reporting requirements for certain broker-dealers that are part of a holding company structure, pursuant to the Market Reform Act of 1990. Broker-dealers that do not hold customer funds or securities, owe money or securities to customers, or otherwise carry the accounts of or for customers are exempt from the 17h Rules provided that they maintain capital, including subordinated debt, of less than \$20 million. Today's order updates this threshold for the first time and provides an exemption from the 17h Rules for broker-dealers with capital between \$20 million to \$50 million so long as the broker-dealer maintains less than \$1 billion in total assets. Firms maintaining \$50 million or more in capital, including subordinated debt, currently account for approximately 98 percent of the total capital of the broker-dealers subject to the 17h Rules; these firms will continue to remain subject to the rules.

The exemptive order is effective immediately.

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## Related Materials

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[SEC Order](#)