

SEC Staff Delays Enforcement of Amended OTC Quotation Requirements for Fixed-Income Securities

September 27, 2021

As we reported on September 17, amended Rule 15c2-11 under the Securities Exchange Act of 1934 requires broker-dealers to comply with the rule's amended requirements beginning on September 28, 2021. The amended rule now requires that the documents and information about an issuer that a broker-dealer or qualified interdealer quotation system reviews prior to publishing a quotation for that issuer's securities in a quotation medium other than a national securities exchange (i.e., over-the-counter, or "OTC," securities) be current and publicly available. Certain participants in the OTC fixed-income market had raised concerns that this new requirement presented certain compliance challenges for broker-dealers seeking to publish quotations with regard to such securities and could negatively affect trading in OTC fixed-income securities. On Friday, September 24, 2021, the Staff of the SEC's Division of Trading and Markets issued a no-action letter to the Financial Industry Regulatory Authority ("FINRA") in which the Staff stated that it would not recommend enforcement action until January 3, 2022 for quotations published by broker-dealers in respect of OTC fixed-income securities in order to "allow for an orderly and good faith transition into compliance with the Amended Rule."

We will continue to monitor developments on this front and will provide updates as they become available.



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