



441 G St. N.W.  
Washington, DC 20548

B-337009

January 30, 2025

The Honorable Tim Scott  
Chairman  
The Honorable Elizabeth Warren  
Ranking Member  
Committee on Banking, Housing, and Urban Affairs  
United States Senate

The Honorable French Hill  
Chairman  
The Honorable Maxine Waters  
Ranking Member  
Committee on Financial Services  
House of Representatives

Subject: *Securities and Exchange Commission: Daily Computation of Customer and Broker-Dealer Reserve Requirements under the Broker-Dealer Customer Protection Rule*

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a major rule promulgated by the Securities and Exchange Commission (SEC) entitled “Daily Computation of Customer and Broker-Dealer Reserve Requirements under the Broker-Dealer Customer Protection Rule” (RIN: 3235-AN28). We received the rule on January 10, 2025. It was published in the *Federal Register* on January 13, 2025. 90 Fed. Reg. 2790. The stated effective date of the rule is March 14, 2025.

According to SEC, it is adopting amendments to the broker-dealer customer protection rule to require certain broker-dealers to perform their reserve computations for accounts of customers and proprietary accounts of broker-dealers (PAB) and make any required deposits into their reserve bank accounts daily rather than weekly.

The Congressional Review Act (CRA) requires a 60-day delay in the effective date of a major rule from the date of publication in the *Federal Register* or receipt of the rule by Congress, whichever is later. 5 U.S.C. § 801(a)(3)(A). The rule was published in the *Federal Register* on January 13, 2025. 90 Fed. Reg. 2790. The House of Representatives received the rule on January 10, 2025. 171 Cong. Rec. H109 (daily ed. Jan. 13, 2025). The Senate received the rule on January 15, 2025. 171 Cong. Rec. S243 (daily ed. Jan. 17, 2025). The rule has a stated effective date of March 14, 2025. However, it has different compliance dates. Carrying broker-dealers that exceed the \$500 million threshold using the 12 filed month-end Financial and Operational Combined Uniform Single (FOCUS) Reports from July 31, 2024, through June 30, 2025, must perform customer and PAB computations daily beginning no later than December 31, 2025. Additionally, the compliance date for the amendments to Part II of the FOCUS Report is March 1, 2026. Therefore, the stated effective date is less than 60 days from the date of receipt of the rule by Congress.

Enclosed is our assessment of SEC's compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. If you have any questions about this report or wish to contact GAO officials responsible for the evaluation work relating to the subject matter of the rule, please contact Charlie McKiver, Assistant General Counsel, at (202) 512-5992.

A handwritten signature in black ink that reads "Shirley A. Jones". The signature is written in a cursive style with a large initial 'S' and 'J'.

Shirley A. Jones  
Managing Associate General Counsel

Enclosure

cc: Vanessa A. Countryman  
Secretary  
Securities and Exchange Commission

REPORT UNDER 5 U.S.C. § 801(a)(2)(A) ON A MAJOR RULE  
ISSUED BY THE  
SECURITIES AND EXCHANGE COMMISSION  
ENTITLED  
“DAILY COMPUTATION OF CUSTOMER AND BROKER-DEALER RESERVE  
REQUIREMENTS UNDER THE BROKER-DEALER CUSTOMER PROTECTION RULE”  
(RIN: 3235-AN28)

(i) Cost-benefit analysis

The Securities and Exchange Commission (SEC) prepared an analysis of the costs and benefits of this rule. See 90 Fed. Reg. 2790, 2821–2826 (Jan. 13, 2025). According to SEC, it will cost a carrying broker-dealer \$184,000 annually per reserve computation to prepare the records of that computation. *Id.* at 2824. SEC stated it recognizes that complying with the rule requirements may be costly for the carrying broker-dealers, but customers and proprietary accounts of broker-dealers account holders are expected to significantly benefit from the rule’s protections. *Id.* at 2826.

(ii) Agency actions relevant to the Regulatory Flexibility Act (RFA), 5 U.S.C. §§ 603–605, 607, and 609

SEC certified that this rule will not have a significant economic impact on a substantial number of small entities. 90 Fed. Reg. at 2836.

(iii) Agency actions relevant to sections 202–205 of the Unfunded Mandates Reform Act of 1995, 2 U.S.C. §§ 1532–1535

As an independent regulatory agency, SEC is not subject to the Act.

(iv) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551 *et seq.*

On July 18, 2023, SEC published a proposed rule. 88 Fed. Reg. 45836. According to SEC, it received comments from a variety of persons including broker-dealers, retail investors, industry associations, and other market participants. 90 Fed. Reg. at 2793. SEC responded to comments in this rule. See *id.* at 2796–2811.

Paperwork Reduction Act (PRA), 44 U.S.C. §§ 3501–3520

SEC determined that this rule contains information collection requirements under the Act. See 90 Fed. Reg. at 2831–2836.

Statutory authorization for the rule

SEC promulgated this final rule pursuant to the Exchange Act, 15 U.S.C. §§ 78a *et seq.*, particularly sections 15 and 23(a) (15 U.S.C. §§ 78o and 78w(a)).

Executive Order No. 12866 (Regulatory Planning and Review)

As an independent regulatory agency, SEC is not subject to the Order.

Executive Order No. 13132 (Federalism)

As an independent regulatory agency, SEC is not subject to the Order.