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Rule 15c2-11 Update: The SEC Provides Temporary Relief for Fixed Income Rule 144A Securities Until January 4, 2025



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The SEC's Division of Trading and Markets issued a new no-action letter yesterday that removes the requirement that Rule 144A information be made publicly available prior to a broker-dealer publishing a quotation or submitting a quotation for publication on a fixed income Rule 144A security.

The new no-action letter completely replaces the December 16, 2021 no-action letter that would have phased in the application of Rule 15c2-11 for fixed income securities, including the requirement, that would have commenced on January 4, 2023, for brokers and dealers to determine that Rule 144A information is publicly available prior to publishing a quotation or submitting a quotation for publication on a fixed income Rule 144A security. The new no-action letter also eliminates the requirement, that would have commenced on January 5, 2024, for there to be a direct website link, on the quotation medium on which the quote is being made, to the Rule 144A information about the fixed income security.

The new no-action letter requires that the broker or dealer have a reasonable belief that the issuer will provide the Rule 144A information prior to a Rule 144A transaction, upon request, which effectively aligns the application of Rule 15c2-11 to brokers and dealers with the requirements of Rule 144A.

Finally, the new no-action letter continues to state that, for purposes of the letter, the SEC would consider the Information Requirement discussed in Section II.D of the Rule 144A Adopting Release, Release No. 33-6862 (April 30, 1990), to be consistent with Rule 15c2-11.

Notwithstanding the advocacy of various trade associations and others, the new no-action letter expressly states, without further explanation or rationale, that the

relief provided by the letter is temporary and will expire on January 4, 2025. There will accordingly be a need to revisit with the SEC and its staff the issues that compliance with Rule 15c2-11 would raise for Rule 144A fixed income securities.

Finally, the no-action letter states that the SEC staff will not recommend enforcement action for quotations on fixed income securities that are foreign sovereign debt or debt securities guaranteed by a foreign government. This part of the no-action letter does not appear to be subject to expiration on January 4, 2025.

Here is a hyperlink to the [new 15c2-11 no-action letter](#).
