

Bond Case Briefs

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BDA Submits Comment Letter to the SEC: FINRA Rule 4210 “TBA” Margin Amendments.

On May 2nd, BDA submitted a [comment letter](#) to the SEC in response to FINRA’s filing of Amendment #2 on its Rule 4210 “TBA” margin amendments.

The SEC solicited [public comment](#) on Amendment #2 and designated a longer period for Commission action for assessing the proposed rule. The Commission has until June 16, 2016, the maximum allowable timeframe for the Commission to approve or disapprove the rule under the proceedings process.

BDA Comment Letter Summary

BDA’s letter urges the Commission to disapprove the rule and focuses on the following issues:

- The legal and compliance cost burdens for middle-market dealers to implement and continue to maintain the requirements of this proposed rule
- The fact that the proposed margin amendments will not have a fair and equitable impact on mortgage market participants and, therefore, the amendments violate Exchange Act Section 15A(b)(6)
- BDA argues that FINRA does not have the statutory authority to adopt a margin rule for the exempt securities defined as ‘covered agency securities’ by FINRA in the proposed rule

Additional Information

In February, BDA submitted a [comment letter](#) in response to the SEC’s request for comment on FINRA’s Rule 4210 filing with the SEC. The SEC’s order instituting proceedings can be read [here](#).

The original Rule 4210 margin amendments that FINRA filed with the SEC in October 2015 can be read [here](#).

BDA submitted a [comment letter](#) to the SEC in November 2015.

BDA [met](#) with the SEC, FINRA, and key Congressional committees in January.

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