

## Corporate & Financial Weekly Digest

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### **Application of SEC's Financial Responsibility Rules in Response to Standard & Poor's Downgrade of U.S. Long-Term Credit Rating**

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On August 5, the Financial Industry Regulatory Authority, Inc. issued Regulatory Notice 11-38 in response to the downgrade of the U.S. long-term credit rating by Standard & Poor's. The notice provides guidance to member firms on the application of the Securities and Exchange Commission's Net Capital and Customer Protection Rules to U.S. Treasury securities and other securities issued, or guaranteed as to principal and interest, by the U.S. or any of its governmental agencies. The issuance of the rating downgrade does not alter the fact that under Rule 15c3-1 of the Securities Exchange Act of 1934, the credit rating assigned to U.S. Treasury securities or other securities issued, or guaranteed as to principal or interest, by the U.S. or any of its governmental agencies (government securities), by any credit ratings agency, is not a factor in determining the net capital treatment for such securities. FINRA staff has confirmed with SEC staff that this ratings action by Standard & Poor's does not alter the net capital treatment of these government securities under Exchange Act Rule 15c3-1(c)(2)(vi)(A).

Click [here](#) to read Regulatory Notice 11-38.

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