

Electronic Submission of Certain Materials Under the Securities Exchange Act of 1934; Amendments Regarding the FOCUS Report

A Small Entity Compliance Guide*

Introduction

On December 16, 2024, the Securities and Exchange Commission (“Commission”) amended its rules to require electronic filing or submission of certain forms and other filings or submissions that are required to be filed with or submitted to the Commission under the Securities Exchange Act of 1934 (“Exchange Act”) and the rules and regulations under the Exchange Act. Among other things, the amendments require broker-dealers, the only small entities we expect to be affected, to file their annual audited reports electronically in structured data format on the Commission’s Electronic Data Gathering, Analysis, and Retrieval (“EDGAR”) system. In addition, the Commission amended its rules to allow electronic signatures in certain broker-dealer filings, and amended the Financial and Operational Combined Uniform Single Report (“FOCUS Report”) to harmonize with other rules, make technical corrections, and provide clarifications.

Which small entities are affected by the amendments?

The amendments apply to broker-dealers, including broker-dealers that meet the definition of “small entity” under the Regulatory Flexibility Act (“RFA”). *See* 17 CFR 240.0-10(c), (i).

Which of the amendments affect small entities?

Exchange Act Rule 17a-5 (17 CFR 240.17a-5) and Regulation S-T Rules 101 and 405 (17 CFR 232.101 and .405) were amended to require broker-dealers to file their annual audited reports electronically in structured data format on EDGAR.

In addition, the FOCUS Report (Form X-17A-5) filed by broker-dealers was amended to harmonize with other rules, make technical changes, and provide clarifications.

Finally, Exchange Act Rule 17a-5 and the FOCUS Report instructions were amended to allow electronic signatures in Rule 17a-5 filings, including broker-dealers’ annual audited reports and the FOCUS Report.

What specific changes were made?

1. Electronic Filing of Annual Audited Reports in Structured Data Format

Previously, broker-dealers were allowed to file their annual audited reports either manually through physical mail or electronically through the EDGAR system in PDF format or by email. The amendments require broker-dealers to file their annual audited reports electronically on EDGAR in structured data format, in accordance with the compliance dates listed below.

To file the annual audited report's cover page in structured data format, a broker-dealer may use a fillable form available to EDGAR filers. For the rest of the annual audited report, broker-dealers need to apply Inline eXtensible Business Reporting Language ("XBRL") tags to the disclosures in the report before filing it on EDGAR.

2. *Amendments to the FOCUS Report*

The FOCUS Report Part II was amended as follows:

- *Computation of Minimum Regulatory Capital Requirements:* After the amendments, broker-dealers engaged in reverse repurchase agreements are instructed to report 10% of the amounts in Exchange Act Rule 15c3-1(a)(9)(i)-(iii) (17 CFR 240.15c3-1(a)(9)(i)-(iii)) as an add-on to the greater of the firm's ratio or fixed dollar minimum net capital requirement (instead of as part of the ratio minimum net capital requirement as is the case before the amendments). This change conforms the form to the requirements of Exchange Act Rule 15c3-1 (17 CFR 240.15c3-1).
- *Statement of Income (Loss) or Statement of Comprehensive Income, As Applicable:* Fields have been added to the FOCUS Report's income statement for firms to report as revenue other commissions besides securities commissions, such as commissions from commodity transactions and insurance products.
- *Computation for Determination of Customer Reserve Requirements; Computation for Determination of PAB Requirements:* After the amendments, there is a new line added to permit margin required and on deposit at a covered clearing agency for U.S. Treasury securities to be included as a debit item in the computation, subject to certain conditions.
- *Computation of Commodity Futures Trading Commission ("CFTC") Minimum Capital Requirements:* Broker-dealers that are also registered with the CFTC as an introducing broker or swap dealer, but not also registered as a futures commissions merchant ("FCM"), must complete the CFTC Minimum Capital Requirements section, which had previously only been required of broker-dealers also registered with the CFTC as FCMs. Lines were added to report the firm's minimum net capital requirement, excess adjusted net capital, and additional information about the firm's early warning level.
- *Technical Correction to the Computation for Determination of Customer Reserve Requirements and Computation for Determination of PAB Requirements:* To align with recent changes to Exchange Act Rule 15c3-1, a new line was added to permit margin required and on deposit at a covered clearing agency for U.S. Treasury securities to be included as a debit item in the customer and PAB requirements, subject to certain conditions.

The amendments also make two technical corrections to FOCUS Report Part IIA:

- *Computation of Net Capital Requirement:* Lines 11 and 15 were updated with a corrected cross-reference.
- *Computation of Alternate Net Capital Requirement:* Line 26 was added to clarify that broker-dealers using the alternative method to compute net capital must report their percentage of debt to debt-equity total.

In addition, the previous notarization requirement for the oath or affirmation requirement was removed from FOCUS Report Part III. Finally, the relevant FOCUS Report instructions now require the signature of only the firm's principal executive officer or principal financial officer (or their comparable officers), instead of requiring the signature of two or more principal officers.

3. Electronic Signatures

Exchange Act Rule 17a-5 and the FOCUS Report's instructions were amended to allow electronic signatures in any Rule 17a-5 filing, including broker-dealers' annual audited reports and the FOCUS Report. The signing process for an electronic signature needs to, at a minimum: (1) require the signatory to present a physical, logical, or digital credential that authenticates the signatory's individual identity; (2) reasonably provide for non-repudiation of the signature; (3) provide that the signature be attached, affixed, or otherwise logically associated with the signature page or document being signed; and (4) include a timestamp to record the date and time of the signature. An example of an electronic signature using this signing process is Adobe Acrobat's digitally signed certificate, when the document is locked after signing.

4. Record Retention Requirement for Oath or Affirmation

Exchange Act Rule 17a-5 was amended to require broker-dealers to retain the original signed oath or affirmation accompanying the annual audited reports for at least six years, the first two in an easily accessible place, in accordance with the requirements of Exchange Act Rule 17a-4.

Effective and compliance dates

The effective date of the amendments is March 24, 2025. The compliance dates for the amendments affecting broker-dealers that are small entities are as follows:

- **March 24, 2025:** The oath or affirmation requirement in FOCUS Report Part III is no longer required to be notarized. The oath or affirmation must be retained for at least six years, the first two years in an easily accessible place.
- **For filings due on or after June 30, 2025:** Annual audited reports must be filed on EDGAR.
- **For filings due on or after March 1, 2027:** The amendments to FOCUS Report Parts II and IIA apply.
- **For filings due on or after June 30, 2029:** For firms with a minimum fixed dollar net capital requirement less than \$250,000 as of December 31, 2025, annual audited reports must be filed on EDGAR in structured data format.

Other resources

The adopting release can be found on the Commission's website at <https://www.sec.gov/files/rules/final/2024/33-11342.pdf>.

The release extending the compliance date for certain amendments in the adopting release can be found on the Commission's website at <https://www.sec.gov/files/rules/final/2025/33-11386.pdf>.

The release proposing these amendments can be found on the Commission's website at <https://www.sec.gov/files/rules/proposed/2023/33-11176.pdf>.

Contacting the Commission

The Commission's Division of Trading and Markets is available to assist small entities with questions regarding their electronic filing and submission requirements. Questions may be directed to the Division of Trading and Markets by email at tradingandmarkets@sec.gov or by telephone at (202) 551-5777.

* This guide was prepared by the staff of the U.S. Securities and Exchange Commission as a "small entity compliance guide" under Section 212 of the Small Business Regulatory Enforcement Fairness Act of 1996, as amended. The guide summarizes and explains rule and form amendments adopted by the Commission, but is not a substitute for any rule or form itself. Only the rule or form itself can provide complete and definitive information regarding its requirements.