February 6, 2026

Ms. Vanessa A. Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street NE
Washington, D.C. 20549-1090

RE: Notice of Filing of a Proposed Rule Change to Amend FINRA Rule 4210 (Margin Requirements) To Replace the Day Trading Margin Provisions With Intraday Margin Standards

Dear Ms. Countryman:

The Securities Industry and Financial Markets Association ("SIFMA")[1] appreciates the opportunity to comment on the proposed rule change ("Proposal")[2] filed by the Financial Industry Regulatory Authority, Inc. ("FINRA") with the U.S. Securities and Exchange Commission ("SEC" or "Commission") to amend FINRA Rule 4210 to replace its current day trading margin provisions with modern intraday margin standards that will enable broker-dealers to implement better and more efficient customer margining processes while maintaining the rule's important investor and risk management protections. The Proposal is a culmination of efforts by FINRA that started with its solicitation of comments in FINRA Regulatory Notice 24-13 ("RN 24-13") on potential updates to the day trading provisions in Rule 4210. SIFMA has long advocated for updates to these provisions.[3] SIFMA supports the Proposal and recommends that the Commission approve it.

In our comments on RN 24-13, we expressed strong support for the need to update the day trading provisions in the current rule, noting that they have long been a source of frustration for retail investors, and particularly retail traders with smaller accounts who may become

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[1] SIFMA is the leading trade association for broker-dealers, investment banks, and asset managers operating in the U.S. and global capital markets. On behalf of our industry's one million employees, we advocate on legislation, regulation, and business policy affecting retail and institutional investors, equity and fixed income markets, and related products and services. We serve as an industry coordinating body to promote fair and orderly markets, informed regulatory compliance, and efficient market operations and resiliency. We also provide a forum for industry policy and professional development. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA). For more information, visit http://www.sifma.org.

[2] Release No. 34-104572 (Jan. 9, 2026), 91 FR 1580 (Jan. 14, 2026).

[3] This advocacy includes signing onto a letter from January 2024 with a group of exchanges and the Security Traders Association urging FINRA to modernize the rule.

restricted from accessing the markets and investing if their account equity falls below $25,000.[4] We noted that the current rule was adopted at a time when industry risk management systems monitored securities positions based on trades completed on the prior day. Based on the rule's design, it can prevent investors from trading and effectively shut them out of the markets if they are deemed "pattern day traders." We also noted the significant increase in retail investors with smaller accounts participating in the markets since the rule was adopted and the unfair impact the rule can have on them. In addition, we noted that technical advances have allowed firms to develop and deploy real-time risk management systems that can monitor investors' trades and block trades that would create margin deficits, thus eliminating the clearing and settlement risks that the rules were designed to mitigate when broker-dealers and clearing firms were unable to monitor clients' actual positions and equity levels throughout the trading day. In light of these factors, we urged FINRA to modernize the rule to account for these changes in the marketplace since the rule was adopted consistent with FINRA's investor protection mandate

In the Proposal, FINRA is proposing to replace the current day trading margin requirements, including the provisions relating to "pattern day traders," the computation and use of "day trading buying power," and the $25,000 pattern day trader minimum equity requirement, with new intraday margin requirements. Among other things, FINRA believes that the Proposal will benefit customers and members alike by reducing risks of intraday trading exposures more broadly and giving customers more freedom to participate in the markets, while reducing compliance costs for members. FINRA also anticipates that the Proposal, by requiring appropriate margin for intraday risk created by day trades and other intraday activity, such as transactions in options on their expiration dates ("zero day to expiration" or "0DTE" options trading), will be effective in avoiding the build-up of unmargined positions that could hurt both customers and members during large shifts in market prices.

We believe the Proposal represents a reasonable approach to modernizing the rule consistent with FINRA's investor protection mandate. The Proposal would remove from the current rule the challenging process of monitoring whether a customer is a pattern day trader, as well as the $25,000 minimum account equity requirement for pattern day traders. It would replace these requirements with new intraday margin requirements. For those FINRA members with real-time monitoring systems that allow them to block trades that would create or increase customer intraday margin deficits, they would have the ability to rely on those systems to comply with the rule. Alternatively, members could, at the end of the day, compute each customer's intraday margin deficit, which, for customers that are not day trading or opening option positions on their expiration date, FINRA believes will be comparable to firms' current processes for calculating regular changes in customer maintenance margin levels.

SIFMA has reviewed and discussed the Proposal with interested members, and they have expressed broad support for it. SIFMA therefore urges the Commission to approve it. We also appreciate that FINRA proposed a 12-month implementation period and specifically requested

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[4] See (SIFMA Response to FINRA 24-13 (Day Trading Rule Review) 1.28.25_0.pdf).

comment on whether this period is appropriate. SIFMA members request that this period be increased to 18 months to provide more time for those FINRA members that do not carry a large portion of active trading accounts as well as those members that provide portfolio margining to their customers.[5] These types of FINRA members may need to update their batch monitoring processes and/or risk analysis methodologies in connection with implementing the changes contemplated in the Proposal.

In this regard, some full-service advisory firms monitor intraday risk manually via their advisor representatives and do not carry a high percentage of active trader client accounts. These types of firms would need to develop new batch processes and reports to comply with the proposed rules. Additionally, as FINRA is aware, under Rule 4210(g), FINRA members offering portfolio margining to their customers need to file their updated methodologies with FINRA (or another designated examining authority) and the Commission prior to implementing any portfolio margining-related changes needed under the Proposal. Providing FINRA members with an additional 6 months, for a total implementation period of 18 months, would provide full-service advisory firms with sufficient time to develop new batch processes and reports to comply with the Proposal. Similarly, providing an 18-month implementation period would provide portfolio margining firms with sufficient time to go through the review process associated with filing their updated methodologies with FINRA (or another designated examining authority) and the Commission prior to implementing any portfolio margining-related changes needed under the Proposal.

In addition to requesting that the implementation period be 18 months, SIFMA also requests that FINRA consider providing firms with some flexibility during the implementation period as to how they implement the new intraday margin methodology.[6] In this regard, SIFMA requests that during the implementation period, if a member firm continues to apply the legacy day-trading methodology under Rule 4210 as it is implementing the new intraday margin methodology, and a client incurs a day-trade call, the firm should have the flexibility to deem the call invalid if the firm can demonstrate that the call would not have occurred under the new methodology. This would allow firms to roll out the new methodology in a controlled manner that minimizes risk and potential errors and also allows customers to become familiar with it prior to it being fully implemented.

SIFMA also requests that FINRA provide further guidance regarding when members would need to impose the 90-day freeze restriction under the Proposal. The Proposal seems to

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[5] In the Proposal, FINRA notes that it also plans to provide members with the ability to implement the Proposal more quickly if they are able to do so. This would allow members to implement the Proposal more quickly than the proposed implementation period if they are ready.

[6] This recommendation is not intended to complicate approval of the Proposal, which as noted SIFMA urges the Commission to approve, but is solely intended to request that FINRA provide some additional flexibility for firms during the implementation process.

leave open to interpretation on a firm-by-firm basis what constitutes "a practice of failing to satisfy intraday margin deficits as promptly as possible." Although it is clear that a customer who fails to meet an intraday margin call within five business days needs to be restricted to risk-reducing transactions only, it is unclear what a "practice of failing to satisfy intraday margin deficits as promptly as possible" means. As such, firms may enforce the standard differently. We request that FINRA clarify the standard to ensure consistent application of the standard across all members.

SIFMA commends FINRA for the thoughtful approach and steps it has taken to modernize the day trading provisions in Rule 4210, as reflected in the Proposal.[7] SIFMA looks forward to continued engagement with FINRA on its other initiatives to update and modernize its rules as part of its retrospective rule review.

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If you have any questions or need any additional information, please contact Katie Kolchin at (212) 313-1239, Joseph Corcoran at (202) 962-7383, Gerald O'Hara at (202) 962-7343.

Sincerely,

Katie Kolchin

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Managing Director, Head of Equity & Options Market Structure

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Managing Director & Associate General Counsel

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[7] SIFMA urges other regulators and SROs to follow FINRA's approach and conduct retrospective reviews of their rules to determine whether the rules remain effective, efficient, and sufficiently tailored for the intended activity. For significant rules that need to be updated to account for changes in technology or market practices, soliciting comments via a concept release or regulatory notice prior to publishing a rule proposal is good regulatory practice.