



Broker-Dealer Outlook: Regulation, Exams, & Digital Assets

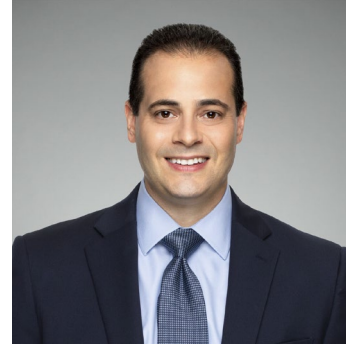
October 20, 2026

Presenters



Geron Morgan

Partner



Samuel Pizzichillo

Partner



Lance Deal

Managing Director



Prashant Nisar

Director

Regulatory Update (SIFMA, SEC, FINRA, CFTC and NFA)

October 2026

forvis
mazars



Heard at SIFMA

Regulator Forum SIFMA Regional Conference – June 2026 - Chicago

FINRA

- **Rule 4522 – Periodic security counts, verifications and comparisons**
 - Good control locations: position statements at least monthly, reconciled to books and records
 - Unresolved breaks move to a “Difference Account”
 - *Watch: FINRA may relax the monthly reconciliation requirement for alternative investments*
- **Examination cycle – introducing firms**
 - Low-risk firms are typically examined on a four-year cycle
 - *Watch: a move to a six-year cycle, with more advance notice*

CFTC

- **Letter 26-05 – No-action relief for digital asset collateral**
 - FCMs may accept Bitcoin, Ether, and payment stablecoins as customer margin
 - Post-haircut values count toward undermargined determinations and segregation calculations

Heard at SIFMA (continued)

Regulator Forum SIFMA Regional Conference – June 2026 - Chicago

SEC

- **Internal Control Over Compliance (ICOC)**

- Rule 17a-5 requires a compliance report with the annual audited financial statements
- *Watch: relief discussed for firms with extremely limited custodial activity (Footnote 78)*

- **“Funds in motion” – Customer Reserve Computation**

- Sweep programs move free credits to bank deposit or money market programs the next day
- Firms were penalized by locking up credits that had already swept
- *Relief: exclude those free credits from the deposit – for firms computing daily*
- *Source: Forvis Mazars – SEC implementation of daily Rule 15c3-3 reserve computations*

- **Digital assets**

- Stablecoins – 2% haircut under Rule 15c3-1 for positions with a ready market
- Digital securities – custody controls and ready-market tests under review

Recent SEC Releases & News

Significant Events

- No-Action Letter 12/11/2025 – DTC pilot program for tokenization
- No-Action Letter 1/6/2026 – Raymond James: 17a-13 relief for alternative investment “capital balance funds”
- No-Action Letter 3/30/2026 – ISLA and SIFMA: “equity for equity”
- Customer-related securities borrowed collateralized by certain equities may count as good debits in the reserve formula, subject to conditions and controls

[Source: Forvis Mazars – SEC allows broker-dealers to use equities as collateral](#)

Recent FINRA Releases & News

Significant Events

- Notice 25-19 – Streamlined process for extensions to file audited financials
- Notice 26-05 – Gift limit raised from \$100 to \$300 (Rule 3220)
- Notice 26-10 – Intraday margin standards replace the pattern day trader framework
- Information Notice 6/29/2026 – Daily customer and PAB reserve computations

Recent CFTC Releases & News

Significant Items

- FAQs on crypto assets and blockchain – March 2026
- SEC/CFTC joint crypto asset classification release – March 2026
- Approval path for crypto perpetual futures – May 2026
- New enforcement cooperation policy – May 2026
- Enforcement priorities – March 2026

Recent NFA Releases & News

Significant Events

- Cybersecurity – the top NFA examination priority
- Third-party and outsourcing risk oversight
- Branch office registration guidance

Digital Asset Landscape & Considerations For Broker-Dealers

October 2026

forvis
mazars



Digital Assets Landscape

Where institutional adoption is developing, and where controls still matter

1

Market infrastructure

- DTCC tokenization and collateral initiatives
- Integration with existing custody and settlement
- Focus on interoperability and controls

Watch: DTCC Tokenization Service

2

Repo and collateral

- Repo DVP moving into production workflows
- Potential for intraday funding and collateral mobility
- Legal finality, custody, and haircut considerations

Near-term use case: funding and collateral

3

Tokenized cash and fixed income

- Money market funds and Treasury products
- Digital bond issuance
- Demand for yield-bearing on-chain liquidity

Operational focus: settlement and valuation

4

Tokenized securities

- Equities, funds, and structured products
- Issuer-sponsored and third-party models
- Transfer-agent and ownership-record implications

Market structure is still evolving

5

Private-market assets

- Private credit and private funds
- Potential distribution opportunities
- Liquidity and disclosure practices continue to develop

Scale remains selective

SEC: Offering, Trading and Recordkeeping

Distinguish proposed rules, interpretive guidance and temporary exemptive relief

PROPOSED RULE

Regulation Crypto Assets

August 2026

- Offering exemptions of \$5 million and \$75 million
- Principles-based narrative disclosures
- Financial statements and ongoing reporting for the larger exemption
- Conditional investment-contract safe harbor

TEMPORARY RELIEF

Innovation Exemption

September 2026

- Qualifying Tokenized Securities Venues using permissioned AMM liquidity pools
- Relief from the “exchange” definition for qualifying TSVs
- Dealer relief for certain covered liquidity providers
- Only tokenized NMS stock with equivalent rights; synthetics excluded

PROPOSAL + INTERPRETATION

Records and asset classification

2026

- Proposed modernization of transfer-agent registration, reporting and electronic records
- Interpretation addresses when a crypto asset may be sold as part of an investment contract
- Analysis includes when the investment-contract relationship may terminate

Audit lens • Reporting framework • Audit standards • Independence • Issuer-retained assets • Continuing managerial efforts

CFTC and FINRA: Derivatives, Collateral and Supervision

Regulatory actions are targeted and often conditional rather than comprehensive

CFTC

STAFF NO-ACTION RELIEF

Passive software providers

Applies subject to conditions to software facilitating trading with registered intermediaries and markets.

POLICY AND PRODUCT ACTIONS

Crypto perpetuals

Product-specific treatment under domestic and foreign-futures frameworks.

STAFF NO-ACTION RELIEF

FCM margin collateral

Qualifying digital assets may be accepted only within the conditions of the applicable relief.

STAFF GUIDANCE AND FAQs

Tokenized collateral

Focus on eligibility, legal enforceability, custody, valuation, haircuts, and operational risk.

FINRA

1

2026 Oversight Report

Communications must be fair and balanced, with appropriate risk and SIPC disclosures.

2

Supervision

Capture firm, affiliate and associated-person crypto activities.

3

Membership

Assess whether a material operational change requires a continuing membership application.

4

Information request

The 2026 industry request was due July 24, 2026.

Key takeaway: identify the legal status of each action before translating it into policy, operations or audit procedures.

Complexities for Broker-Dealers

Asset classification, customer relationship, and wallet architecture drive the regulatory analysis

1

Cutoff and reconciliation

- 24/7 markets have no natural close
- Define and consistently apply a daily cutoff
- Distinguish reconciling items from in-process transactions

2

Customer protection

- Rule 15c3-3 applies to crypto assets that are securities
- Analyze the broker-dealer's legal capacity and customer obligations
- Evaluate reserve-formula credits and debits

3

Wallet architecture

- Omnibus versus segregated wallets
- Sub-ledger completeness and transaction traceability
- Commingling, bankruptcy and operational considerations

4

Possession or control

- Private-key access and transfer capability
- Multi-factor authentication and multi-person approval
- Assess qualifying control locations under Rule 15c3-3(c)

5

Network fees and inventory

- Native assets fund gas and network fees
- Document who bears the cost and how fees are billed
- Apply a separate Rule 15c3-1 marketability and haircut analysis

Important distinction: accounting classification does not, by itself, determine customer-protection or net-capital treatment.

Proposed ASU: Cash Equivalents

Disclosure enhancement and evaluation of certain digital assets

1

What is proposed

- Retains the current cash-equivalents definition
- Adds illustrative examples for certain digital assets
- Considers reserves and direct, on-demand redemption rights

2

Why it matters

- Could change presentation for qualifying digital assets
- May better align presentation with operational liquidity use
- Requires enhanced disclosure of significant cash-equivalent classes

3

Broker-dealer impacts

- Cash-equivalent classification does not determine net-capital treatment
- Assess customer reserve, FOCUS, liquidity and capital effects separately
- Document judgment for new instrument types

4

Implementation Considerations

- Consider Inventorying digital assets and other cash-equivalent instruments
- Consider modeling presentation and liquidity-metric effects
- Consider whether policy updates and communications with auditors, regulators and governance groups may be appropriate.

Exposure draft issued August 18, 2026 • Comments due November 19, 2026

Accounting & Reporting Update – Impact on Broker Dealers

October 2026

forvis
mazars



ASU 2024-03

Impact on Broker-Dealer Industry

forvis
mazars

Disaggregation of Income Statement Expenses (DISE), ASU 2024-03

Implementation considerations and a practical disclosure model

October 2026

DISE changes the footnote, not the income statement

Key implications for an introducing broker-dealer

1 Scope

Applies to public business entities. No broker-dealer industry exception.

2 Relevant captions

Any continuing-operations expense caption containing one or more of the five required natural expense categories.

3 Required categories

Employee compensation, depreciation, and intangible asset amortization are most likely relevant. Purchases of inventory and DDA related to oil and gas producing and other depletion expense (together, “depletion expenses”) are unlikely to apply to the broker-dealer industry.

4 Disclosure and Reconciliation

Add a new tabular disclosure in the footnotes, including applicable required categories, expense reimbursements, integrated existing GAAP disclosures, and the residual “other items” amount (qualitative description), and each table must total to the related expense caption on the face of the statement of operations.

Bottom line

The primary implementation challenge is obtaining supportable natural-expense data by financial statement caption and establishing controls over the new disclosure.

Effective Dates and Transition

When the requirements apply and how to adopt them

1 Annual reporting periods

Beginning after December 15, 2026.

2 Calendar-year companies

Effective in 2027; comparatives not required.

3 Early adoption

Permitted.

Transition – entities may apply the amendments either way

Option 1 Prospective

Apply to the current period and future periods.

Option 2 Retrospective

Apply to any or all comparative periods presented.

Scope

Public Business Entities (PBEs) — no broker-dealer industry exception.

From statement of operations to the DISE table

Illustrative mapping for an introducing broker-dealer

Statement of operations captions

Compensation and benefits	\$13,575
Occupancy and equipment	\$1,600
Communications and technology	\$3,350
Professional services	\$1,865



DISAGGREGATE

Natural expense categories in the footnote

- 1 Employee compensation** Across relevant captions
- 2 Depreciation** Occupancy and technology
- 3 Intangible amortization** Technology
- 4 Other items** Residual with qualitative description

Illustrative figures must reconcile exactly to the face captions.

Illustrative Note X: Disaggregation of income statement expenses

Year ended December 31, 20X7 | Amounts in thousands

The Company disaggregates relevant expense captions presented in the statement of operations into the natural expense categories required by ASC 220-40.

Natural Expense Category	Compensation & Benefits	Occupancy & Equipment	Communications & Technology	Professional Services	Total
Employee compensation	\$12,450	—	\$320	—	\$12,770
Depreciation	—	\$180	\$325	—	\$505
Intangible asset amortization	—	—	\$95	—	\$95
Other items	\$1,125	\$1,420	\$2,610	\$1,865	\$7,020
Total expense caption	\$13,575	\$1,600	\$3,350	\$1,865	\$20,390

Illustrative only: Replace all amounts and captions with the entity’s actual financial statement presentation and supporting records.

Required qualitative description of “other items”

Tailor descriptions to the costs actually remaining in each relevant caption

Compensation & benefits

- ✓ Recruiting and training
- ✓ Deferred compensation administration

Occupancy & equipment

- ✓ Office rent and utilities
- ✓ Common area maintenance
- ✓ Office services and insurance
- ✓ Equipment maintenance

Communications & technology

- ✓ Market data services
- ✓ Software and cloud hosting
- ✓ Telecommunications
- ✓ Cybersecurity and clearing connectivity

Professional services

- ✓ Legal fees
- ✓ Audit and tax fees
- ✓ Compliance consulting
- ✓ Regulatory advisory services

Do not use boilerplate. The description should explain the nature of the residual costs after required categories and integrated disclosures are separately presented.

Separate selling-expense disclosure

Management defines the measure and applies the definition consistently

Illustrative disclosure

Total selling expenses were \$1.4 million for the year ended December 31, 20X7.

The Company defines selling expenses as costs incurred to generate new customer relationships and maintain existing customer relationships. Selling expenses primarily consist of business development personnel costs, marketing expenditures, client entertainment, industry conference sponsorships, promotional activities, and related travel expenses.

Judgment points

1

Definition

Document the types of costs included and excluded.

2

Data lineage

Identify accounts, cost centers, and allocation rules supporting the total.

3

Consistency

Apply the definition consistently and disclose changes when required.

Implementation and audit-readiness checklist

A practical starting point for management and the engagement team



Professional skepticism: Challenge whether source data are complete, allocation methods are rational, residual descriptions are sufficiently specific, and contradictory evidence has been resolved.

AI-generated content does not replace management's analysis, required audit procedures, supervisory review or professional judgment.

Other Industry Updates

October 2026

forvis
mazars

**Regulatory developments
affecting broker-dealers**

SEC Exemptive Relief From Certain Inline XBRL Requirements

Release No. 2026-88 | Broker-Dealer Implications

October 2026

forvis
mazars



Executive Summary

What changed and why it matters

1 Relief granted

Form X-17A-5 Part III and Form 17-H are among the filings covered by the order.

2 SEC rationale

The SEC cited potentially significant unnecessary compliance costs without meaningful gains in transparency or data accessibility.

3 Industry effect

Broker-dealers may wish to reassess projects and vendor commitments created solely for the affected Inline XBRL requirements.

Bottom line: specified market-intermediary filings were exempted from the December 2024 Inline XBRL requirements.

Filings Covered by the Exemptive Relief

Specified market-intermediary filings no longer require Inline XBRL

1

Form X-17A-5 Part III

Broker-dealer annual report filing

2

Form 17-H

Risk assessment reports filed by certain large broker-dealers

3

Form CA-1

Except Exhibit H

4

Form 1

Except Exhibit I

5

Annual compliance report

Security-based swap dealers and major security-based swap participants

SEC Proposed Transfer Agent Rule Modernization

Release No. 34-106246 | File No. S7-2026-30

Announced September 1, 2026

forvis
mazars



What the SEC Is Proposing

Modernization of rules, forms, technology terminology, and operating standards

1 Registration & Reporting

Amend transfer agent registration and annual reporting requirements, including Forms TA-1 and TA-2.

2 Technology & Records

Reflect electronic records, communications, blockchain-based records, and uncertificated securities.

3 Processing Standards

Update turnaround and processing requirements and align standards with the current settlement cycle.

4 Risk Management

Establish new requirements related to risk management and inactive securityholders.

5 Compliance Rule

Introduce a new compliance-program rule for registered transfer agents.

6 Restrictive Legends

Introduce a new rule addressing restrictive legends for registered transfer agents.

NSCC Supplemental Liquidity Deposit Framework

SEC Release No. 34-106130 | Approved August 13, 2026

Effective upon approval

forvis
mazars



What Changed and Why It Matters

Enhancements to the Supplemental Liquidity Deposit framework

1 Core objective

Help ensure NSCC has sufficient cash resources to complete settlement if a large member defaults.

2 What is an SLD?

An additional cash deposit that NSCC can require from members to support liquidity needs.

3 Primary risk driver

The requirement is primarily influenced by securities-price volatility between trade date and settlement date.

4 Broker-dealer focus

Potential liquidity calls may be a consideration in members' funding and stress-planning processes

Practical takeaway: the framework is designed to strengthen NSCC liquidity resources during stressed settlement conditions.

Proposed Regulation E-Delivery

Electronic delivery as the default for many required disclosures

Proposed July 16, 2026

forvis
mazars



What the Proposal Would Change

A default electronic-delivery framework under the federal securities laws

1 Default method

Covered entities could electronically deliver covered information without first obtaining affirmative recipient consent.

2 Covered entities

The proposal applies across broker-dealers, investment advisers, issuers, and funds for covered information.

3 Current-state shift

The proposed model would move many communications away from paper-first or consent-first delivery.

4 Operational implications

Potential operational considerations include contact data, delivery controls, bounce handling, recordkeeping, and customer communication processes

Proposal stage: firms should distinguish the proposed framework from current delivery requirements.

FINRA Cybersecurity Effective Practices

A scalable 12-principle framework for member firms

August 2026

forvis
mazars



12 Cybersecurity Focus Areas

FINRA effective practices spanning governance, protection, detection, response, and recovery

1

Governance

Assign cybersecurity responsibility and promote a strong security culture.

2

Risk Management

Regularly identify critical assets and assess cyber threats.

3

Vendor Oversight

Inventory providers, monitor subcontractors, and set cyber requirements.

4

Asset Management

Track and classify hardware, software, cloud services, and data flows.

5

Access Controls

Use MFA, least privilege, segregation of duties, and zero-trust principles.

6

Data Protection

Encrypt sensitive data, maintain secure backups, and align retention practices.

7

Employee Training

Provide ongoing awareness training and phishing simulations.

8

Vulnerability Management

Scan systems regularly and promptly remediate identified vulnerabilities.

9

Security Monitoring

Use logging, alerts, and monitoring of internal and third-party access.

10

Threat Intelligence

Participate in information sharing and use external threat intelligence.

11

Incident Response

Maintain and test plans for timely detection, containment, and reporting.

12

Business Resilience

Test backup and recovery and establish recovery objectives and playbooks.

Practical guidance that scales with a firm’s size, risk profile, business model, and technology complexity.

PCAOB 2026–2030 Draft Strategic Plan

Six goals to modernize audit oversight

Six strategic goals

The draft plan includes 17 supporting objectives across these priorities.

01 Modernize standard setting

A stronger framework, effective implementation and risk-based priorities

02 Modernize inspections and registration

Greater focus on quality control, reporting and remediation

03 Sharpen enforcement focus

Prioritize conduct posing significant investor and market risks

04 Deepen stakeholder engagement

Use stakeholder input while improving transparency and accountability

05 Modernize through technology and data

Expand data-driven oversight and internal AI capabilities

06 Strengthen organizational effectiveness

Invest in workforce capabilities, culture and stewardship

Key broker-dealer takeaway: Establish a permanent broker-dealer auditor inspection program.

Contact

Forvis Mazars

The information set forth in this presentation contains the analysis and conclusions of the author(s) based upon his/her/their research and analysis of industry information and legal authorities. Such analysis and conclusions should not be deemed opinions or conclusions by Forvis Mazars or the author(s) as to any individual situation as situations are fact-specific. The reader should perform their own analysis and form their own conclusions regarding any specific situation. Further, the author(s)' conclusions may be revised without notice with or without changes in industry information and legal authorities.

© 2026 Forvis Mazars, LLP. All rights reserved.