

# Memorandum

---

## SEC Grants Exemptive Relief From Rule 15c2-11 Disclosure Requirements for Rule 144A Fixed-Income Securities

November 1, 2023

---

In a reversal of its 2021 guidance, on October 30, 2023, the Securities and Exchange Commission (the “SEC”) issued an [order](#) granting exemptive relief to broker-dealers from the disclosure requirements of Rule 15c2-11 under the Securities Exchange Act of 1934 (“Rule 15c2-11”) with respect to fixed-income securities issued pursuant to Rule 144A under the Securities Act of 1933 (“Rule 144A”). The order effectively restores disclosure requirements for Rule 144A fixed-income securities to pre-2021 status, and maintains the current disclosure system for the Rule 144A market.

### Background

As amended in 2020, Rule 15c2-11 prohibits broker-dealers from providing price quotations in over-the-counter securities unless certain information about the issuer of the securities is current and publicly available. In 2021, the SEC clarified that amended Rule 15c2-11 would apply to debt securities issued in private offerings pursuant to Rule 144A and Regulation S under the Securities Act of 1933, in addition to equity securities, thus expanding the number of companies that could be compelled to publicly disclose current financial and other information.

The compliance date for the amended rule was initially set for September 28, 2021, but was extended to January 4, 2025 for issuers of fixed-income securities pursuant to a series of no-action letters.

The new exemptive relief for broker-dealers with respect to 144A debt securities comes after the National Association of Manufacturers and the Kentucky Association of Manufacturers brought suit against the SEC in September of this year, arguing that the SEC’s interpretation of Rule 15c2-11 to apply to debt securities issued in private offerings without allowing a public comment period was in violation of the Administrative Procedure Act.

### Impact of Exemption

The exemption is significant for issuers of fixed-income securities pursuant to 144A that are not otherwise public reporting companies under the Securities Exchange Act of 1934, as these issuers will not be required to comply with the public disclosure requirements of Rule 15c2-11 in order to enable broker-dealers to continue to provide price quotations. The exemption eliminates the anticipated chilling effects that the SEC’s earlier interpretation of the rule may have had on 144A issuers, as those issuers would have been compelled to make a decision between providing current public disclosure pursuant to Rule 15c2-11 or risking reduced liquidity and opaque pricing on

their existing or future issuances. The exemptive relief is a welcome development for 144A issuers of fixed-income securities and preserves the existing disclosure framework of the Rule 144A market.

---

For further information regarding this memorandum, please contact one of the following authors:

NEW YORK CITY

---

**Jessica A. Asrat**  
+1-212-455-3126  
[jessica.asrat@stblaw.com](mailto:jessica.asrat@stblaw.com)

**John C. Ericson**  
+1-212-455-3520  
[jericson@stblaw.com](mailto:jericson@stblaw.com)

**Joseph H. Kaufman**  
+1-212-455-2948  
[jkaufman@stblaw.com](mailto:jkaufman@stblaw.com)

**Jonathan Ozner**  
+1-212-455-2632  
[jozner@stblaw.com](mailto:jozner@stblaw.com)

**Lesley Peng**  
+1-212-455-2202  
[lpeng@stblaw.com](mailto:lpeng@stblaw.com)

**Arthur D. Robinson**  
+1-212-455-7086  
[arobinson@stblaw.com](mailto:arobinson@stblaw.com)

**Kenneth B. Wallach**  
+1-212-455-3352  
[kwallach@stblaw.com](mailto:kwallach@stblaw.com)

**Jessica B. Ryan**  
+1-212-455-3002  
[jessica.ryan@stblaw.com](mailto:jessica.ryan@stblaw.com)

PALO ALTO

---

**William B. Brentani**  
+1-650-251-5110  
[wbrentani@stblaw.com](mailto:wbrentani@stblaw.com)

WASHINGTON, D.C.

---

**David W. Blass**  
+1-202-636-5863  
[david.blass@stblaw.com](mailto:david.blass@stblaw.com)

*The contents of this publication are for informational purposes only. Neither this publication nor the lawyers who authored it are rendering legal or other professional advice or opinions on specific facts or matters, nor does the distribution of this publication to any person constitute the establishment of an attorney-client relationship. Simpson Thacher & Bartlett LLP assumes no liability in connection with the use of this publication. Please contact your relationship partner if we can be of assistance regarding these important developments. The names and office locations of all of our partners, as well as our recent memoranda, can be obtained from our website, [www.simpsonthacher.com](http://www.simpsonthacher.com).*