**FIF member question on exception from locate requirement for bona-fide market making activity**

**November 25, 2024**

The BD Trading-Related Practices and Services section of the SEC exam priorities doc for 2025 mentions the SEC will review whether BDs are appropriately relying on the bona-fide market making exception under Reg SHO, including whether quoting activity is away from the inside bid/offer.

Do you believe the SEC is expecting a registered market maker in a particular security to maintain tighter quotes than what is required in FINRA Rule 6272 in order to rely on the bona fide market making exception to a locate in Reg SHO?

If so, do you know of a “magic number” that FINRA may be expecting or is the assumption that FINRA expects market makers to be inside the spread before they can rely on the exception?