
15 U.S. Code § 78fff-4

Direct payment procedure

(a) Determination regarding direct payments

If SIPC determines that—

- (1) any member of SIPC (including a person who was a member within one hundred eighty days prior to such determination) has failed or is in danger of failing to meet its obligations to customers;
- (2) one or more of the conditions specified in section 78eee(b)(1) of this title exist with respect to such member;
- (3) the claim of each customer of the member is within the limits of protection provided in section 78fff-3(a) of this title;
- (4) the claims of all customers of the member aggregate less than \$250,000;
- (5) the cost to SIPC of satisfying customer claims under this section will be less than the cost under a liquidation proceeding; and
- (6) such member's registration as a broker-dealer under section 78o(b) of this title has been terminated, or such member has consented to the use of the direct payment procedure set forth in this section,

SIPC may, in its discretion, use the direct payment procedure set forth in this section in lieu of instituting a liquidation proceeding with respect to such member.

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