

# **Bond Case Briefs**

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## **MSRB Enhances Protections for Investors Against Unexpected Changes to Bond Authorizing Documents.**

The Municipal Securities Rulemaking Board (MSRB) has received approval from the Securities and Exchange Commission to enhance protections for investors in municipal securities against unexpected changes in bond authorizing documents while preserving issuers' legitimate interest in updating those documents.

The amendments to MSRB Rule G-11, on primary offering practices, generally prohibit municipal securities dealers from providing consent to changes to authorizing documents. The amendments also will enhance transparency regarding the practice of obtaining bondholder consents from dealers, and will take effect February 3, 2014.

The changes seek to ensure that investors are protected from situations in which an underwriter, which may own bonds momentarily during the initial distribution process but does not share the same economic interests as bondholders, could agree to changes to the authorizing documents in lieu of the bondholders. The amendments include several carefully defined exceptions to the prohibition to provide potential options for amending bond authorizing documents where other appropriate safeguards for investors exist.

"We are pleased that the final rule adequately balances the need to protect investors and the need for issuers to update bond authorizing documents," said MSRB Executive Director Lynnette Kelly.

The change to MSRB Rule G-11 furthers the MSRB's mission of protecting both investors in municipal securities and the municipal entities that issue them.

[View the SEC approval order:](#)

[View the regulatory notice:](#)