
MSRB Rule Changes Draw Support from SIFMA.

WASHINGTON — The Municipal Securities Rulemaking Board's proposal to simplify and harmonize its rules on professional designations has drawn applause from a dealers group.

David Cohen, a managing director and associate general counsel at the Securities Industry and Financial Markets Association, expressed support for the tweaks in a letter filed with the Securities and Exchange Commission Tuesday.

The MSRB's proposal would alter its Rules G-3, on classification of principals and representatives, and would make corresponding changes to Rules G-7 on information concerning associated persons, and G-27 on supervision.

Under G-3, limited representatives are individuals whose activities, with respect to municipal fund securities, may include underwriting or sales; research or investment advice with regard to underwriting or sales; or any other activities that involve communication, with public investors with regard to underwriting or sales. The proposed change would limit the activities of limited representatives exclusively to sales to, and purchases from, customers of municipal fund securities. The MSRB has said this approach is consistent with the approach taken by the Financial Industry Regulatory Authority.

The MSRB is also seeking to eliminate its designation of "financial operations principal" under G-3, because FINRA has overlapping FINOP designation requirements, including an exam.

"The responsibilities and duties of FINOPs pertaining to municipal securities are not unique, and FINRA rules establish general responsibilities and duties for such individuals," the MSRB said in its June filing with the SEC. Cohen said the proposed changes will simplify things for dealers.

"The MSRB is eliminating duplicative licensing requirements," Cohen said in an interview. "It doesn't lessen obligations."

SIFMA was the only group to submit comments on the proposal to the SEC, which has oversight over the MSRB and must approve its rule changes.

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