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MSRB Files Minimum Denomination Rule With SEC.

The Municipal Securities Rulemaking Board (MSRB) today filed with the Securities and Exchange Commission (SEC) a proposed new rule, Rule G-49, on Transactions Below the Minimum Denomination of an Issue. The proposed new rule incorporates from MSRB Rule G-15(f) the existing prohibition regarding below-minimum denomination transactions with customers, without substantive amendment, and the two exceptions to the prohibition, with certain amendments.

Proposed Rule G-49 includes a new third exception to permit a dealer to sell a below-minimum denomination position to one or more customers that have a position in the issue and any remainder to a maximum of one customer that does not have a position in the issue. Proposed Rule G-49 also would significantly amend, in the existing exception regarding dealer sales to customers, the requirement that a dealer determine, by receipt of a written statement provided by the party from which the dealer purchases the below-minimum denomination securities position, that the position acquired from such dealer and being sold to a customer is the result of a customer's liquidation of its entire below-minimum denomination position (the "liquidation statement").

Regarding the liberalization of that requirement, proposed Rule G-49 would apply restrictions to inter-dealer transactions in below-minimum denomination positions. Proposed Rule G-49 would also eliminate, for a narrowly defined group of below-minimum denomination transactions, a dealer's obligation to provide a minimum denomination sale disclosure to its customer on or with the confirmation of the transaction. Based on the organization of these related provisions in proposed Rule G-49, the existing minimum denomination provisions in Rule G-15(f) would be rescinded. Read the SEC filing.

[MSRB Filing with the SEC](#)