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MSRB Holds Quarterly Board Meeting.

Washington, DC – The Board of Directors of the Municipal Securities Rulemaking Board (MSRB) held its quarterly meeting January 24-26, 2017 where it engaged in strategic planning and discussed several initiatives aimed at protecting investors and municipal entities, and promoting a fair and efficient municipal securities market.

The Board periodically conducts formal strategic planning to ensure that decisions regarding its priorities and resource allocation are informed by an analysis of market risks, trends, enforcement actions and other developments. At its meeting, the Board began to establish strategic goals for the next two to four years, consistent with its mission. The Board's planning session included discussion of comments received following a 2016 public request for comment on long-term priorities and initiatives, as well as strategy considerations for enhancements to market transparency and information provided primarily through the Electronic Municipal Market Access (EMMA®) website. The Board and staff will refine input from the strategic planning session and develop a road map to ensure the MSRB continues to fulfill its mission.

Municipal Advisor Rulemaking
Consistent with the MSRB's mandate under the Dodd-Frank Wall Street Reform and Consumer Protection Act to develop a comprehensive regulatory framework for municipal advisors, the Board advanced two rules related to municipal advisors. The rules are part of the MSRB's mission to help ensure that the state and local governments and other municipal entities for whom municipal advisors provide services are adequately protected in their engagements with those municipal advisors.

One new rulemaking focuses on the content and accuracy of municipal advisor advertising. Municipal securities dealers have since the 1970s been subject to an advertising rule that seeks to ensure accuracy and balance, among other things, in promotional materials. The Board agreed to seek to apply the core principles of the MSRB's dealer rule to municipal advisors while adding specific provisions tailored to municipal advisors. The Board also agreed that the existing dealer rule, MSRB Rule G-21, on advertising, merits updating as well as harmonization with certain of the provisions contained in the advertising rules of other financial regulators.

The next step in the rulemaking process will be a request for comment on new draft Rule G-40, on municipal advisor advertising, and draft amendments to Rule G-21.

The Board also advanced its plan to amend MSRB Rule G-3, on professional qualification requirements, to establish continuing education requirements for municipal advisors. The proposed amendments would require municipal advisors to annually conduct a needs analysis and develop a written training plan based on that analysis. The analysis would be customized to the size and scope of the firm's business activities, among other things, which would serve to mitigate the burdens of training requirements on small municipal advisors. The next step in the rulemaking process will be a proposed rule filing with the Securities and Exchange Commission.

Dealer Rulemaking

In another rulemaking matter, the Board discussed the first step in a multi-year initiative to review dealer rules on primary offering practices. The Board discussed the MSRB's longstanding interpretation that dealers, under MSRB Rule G-34, must apply for CUSIP numbers when conducting private placements—including direct purchase transactions—of municipal securities. The Board agreed to seek public comment on amendments to Rule G-34, on the assignment of CUSIP numbers, to, among other things, further codify that interpretation and harmonize the definition of underwriter with that contained in Rule G-32, on primary market disclosures. The MSRB will continue its holistic review of primary offering practices rules with a view to enhancing existing protections for investors and issuers.

Continuing Disclosure
In addition to its rulemaking work, the Board discussed market transparency issues, specifically municipal market disclosure practices and how the MSRB might facilitate improved timeliness of annual financial and operating information submitted to the MSRB's EMMA website. The Board plans to continue to evaluate what the MSRB might do further to assist issuers in meeting their disclosure obligations, in addition to its existing outreach, education and email reminders for issuers.

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