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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 April 26-27, 2017 where it discussed the role of solicitor municipal advisors as well as industry feedback on several regulatory topics related to protecting investors and municipal entities, and promoting a fair and efficient municipal securities market. The Board also met with Securities and Exchange Commission (SEC) Acting Chairman Michael Piwowar.

Consistent with the MSRB's federal mandate to develop a comprehensive regulatory framework for municipal advisors, the Board discussed the role of the category of municipal advisors that, for compensation, solicit municipal entities and obligated persons for business on behalf of certain other financial professionals. To directly address the application of MSRB rules to these "solicitor" municipal advisors, the Board agreed to publish guidance designed to promote understanding of the regulatory framework that applies to solicitor municipal advisory activities. The MSRB also expects that, more generally, all municipal advisors may benefit from the forthcoming guidance.

The MSRB has been implementing its municipal advisor regulatory framework for several years. When the developing regulatory framework is more fully in place, the MSRB plans to assess retrospectively the impact and effectiveness of the municipal advisory framework. At its recent meeting, the Board discussed the importance of this future analysis to understanding the benefits and costs of the municipal advisory regulatory regime.

Advertising Rules

The Board also discussed comments received on the MSRB's proposal to update and harmonize certain provisions of its municipal securities dealer advertising rule with those of other financial regulators, and to create similar advertising standards for municipal advisors. The MSRB received substantive input on both aspects of its proposal and will continue to consider that input as it develops enhancements to the regulatory framework for advertising by municipal market professionals.

Primary Offering Practices

The MSRB is currently engaged in a multi-year review of primary offering practices to identify any necessary revisions to existing rules or the need for guidance to support existing protections for municipal securities investors and issuers. At its meeting, the Board discussed preliminary input from market stakeholders and the MSRB's retail investor advisory group, and policy themes related to syndicate practices. The Board directed staff to continue its review of primary offering practices, with the goal of publishing a concept proposal to solicit formal industry feedback.

In a related discussion, the Board evaluated comments received on proposed changes to MSRB Rule G-34, on CUSIP numbers, new issue and market information requirements, to clarify the rule's definition of "underwriter" and requirements for obtaining CUSIP numbers when dealers act as placement agents in municipal securities transactions, including direct purchases. In response to comments received, the Board agreed to issue a second request for comment to refine the rule's

application and provide flexibility to dealers when acting as placement agents.

Minimum Denominations

The Board also discussed comments received by the SEC on the MSRB's proposal to amend provisions in MSRB Rule G-15, on transactions below the minimum denomination of an issue. The Board determined it is desirable to obtain more information and, if possible, greater consensus, regarding any proposed amendments. To provide time for the MSRB to engage in meaningful outreach with stakeholders and obtain additional information, and in light of the upcoming statutory deadline for the SEC to act on the proposal, the Board agreed to withdraw its current proposal. By deferring SEC action, the MSRB can conduct additional outreach to a broad and diverse group of market participants, including issuers that establish minimum denominations for their municipal securities issues, and to the extent appropriate, reach greater consensus on any future amendments that may be considered. In the meantime, below-minimum denomination transactions will continue to be governed by existing Rule G-15(f).

Updates to Customer Account Transfers

As part of the MSRB's regulatory efficiency initiative, the Board discussed comments received on its review of existing MSRB Rule G-26, on customer account transfers, and agreed to seek SEC approval of proposed changes designed to modernize the rule and promote a uniform customer account transfer standard for all brokers, dealers and municipal securities dealers.

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