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MSRB Provides Implementation Guidance on Mark-up Disclosure.

Washington, DC – In advance of the May 2018 implementation of landmark new regulations that enhance the transparency of costs associated with municipal securities transactions for retail investors, the Municipal Securities Rulemaking Board (MSRB) is providing extensive guidance to assist municipal securities dealers in preparing to comply.

Amendments to MSRB Rule G-15 require dealers to disclose additional information on retail customer confirmations for a specified class of principal transactions, including the dealer's mark-up or mark-down as determined from the prevailing market price of the security. Today's guidance, provided in a clear question-and-answer format, addresses the new confirmation disclosure requirements, determination of the prevailing market price and disclosure to customers of the time of execution of trades and link to more security information on the Electronic Municipal Market Access (EMMA®) website. Read the FAQs.

"By offering additional guidance with nearly a year remaining for firms to prepare, the MSRB aims to facilitate the industry's adoption of this historic new level of price transparency for retail investors," said MSRB Executive Director Lynnette Kelly. "Today's guidance is one example of the MSRB's renewed commitment to supporting regulated entities' compliance with new and existing standards of conduct. Regulated entities can expect to see additions to these FAQs as more questions on the mark-up rule arise, as well as best practices and other compliance resources on a variety of topics in the months ahead."

The mark-up disclosure requirements were approved by the Securities and Exchange Commission on November 29, 2016 and take effect on May 14, 2018, affording dealers approximately 18 months from the adoption of the amendments to develop appropriate processes and systems.

To further support understanding of and compliance with changes to Rule G-15, the MSRB will host a half-day seminar on November 2, 2017 in Washington, DC to give municipal securities dealers the opportunity for an in-depth discussion of the mark-up disclosure requirements and the determination of prevailing market price. Register to attend. Register to participate via webcast.

If needed, the MSRB will host a half-day seminar on an additional date in 2018 to provide further opportunity for in-depth discussion. The MSRB also will be providing education to retail investors to promote understanding of the new information available on their trade confirmations.

The MSRB continues to work in coordination with the Financial Industry Regulatory Authority (FINRA), which has adopted similar confirmation disclosure rules and corresponding guidance for other areas of the fixed income markets.

Date: July 12, 2017

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