

Bond Case Briefs

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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 July 26-27, 2017 where it discussed municipal advisor professional qualifications, primary market practices and market transparency developments related to promoting a fair and efficient municipal securities market.

Electronic Municipal Market Access (EMMA®) Website

Consistent with the MSRB's new strategic goals that emphasize further evolving the [EMMA website](#) into a comprehensive transparency platform that meets the needs of municipal market participants and the public, the Board reviewed public and user feedback to improve the usefulness and usability of the EMMA website, and provided direction to staff on its priorities.

Municipal Advisor Professional Qualifications

The Board discussed professional qualifications requirements of municipal advisors, including the September 12, 2017 deadline for municipal advisors to take and pass the [Municipal Advisor Representative Qualification Examination \(Series 50\)](#). As of July 25, 2017, 128 municipal advisor firms registered with the MSRB did not have at least one person qualified with the Series 50 exam or enrolled to become so qualified. The Board considered potential implications for municipal entity and obligated persons clients that hire municipal advisors and for dealers who may rely on the "IRMA" exemption, which provides assurance that municipal entities have engaged an independent registered municipal advisor to act as their fiduciary. The Board requested staff to continue its education and outreach campaign to inform market participants, and will closely monitor the issue. The MSRB is holding a webinar at 3:00 p.m. ET on August 10, 2017 called, "What to Expect from Your Municipal Advisor," which will include a discussion on the potential implications for municipal entities of the upcoming municipal advisor exam deadline. [Register for the webinar here.](#)

The Board also discussed the next step in the development of the municipal advisor principal exam, which is to conduct a job analysis of municipal advisor principals to further develop the content outline for the principal exam. The MSRB anticipates that the principal exam will be available as a pilot in 2019.

Primary Offering Practices

The Board discussed comments received on [proposed changes to MSRB Rule G-34](#), on CUSIP numbers, new issue and market information requirements, and agreed to file amendments with the SEC. The changes seek in part, to provide clarity and flexibility for dealers and municipal advisors in obtaining CUSIP numbers for new issues of municipal securities. The proposed changes would clarify the rule's definition of "underwriter" to reflect the MSRB's longstanding public interpretation that placement agents, when engaged in private placements, including direct purchases, are underwriters for purposes of Rule G-34. The proposed changes would amend the rule to make all municipal advisors in competitive sales of municipal securities subject to the CUSIP number requirements, thereby addressing any potential regulatory inefficiencies in competitive sales of new issues. The proposed changes would also establish an exception for dealers and municipal advisors from the CUSIP number requirements, and for dealers from the depository eligibility requirements,

for direct purchases by banks, their non-dealer control affiliates and consortiums thereof, where the dealer or municipal advisor reasonably believes the purchaser's present intent is to hold the securities to maturity.

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 agreed to publish a concept proposal seeking industry and public input on possible changes to the primary offering rules and practices of dealers in municipal securities such as aspects of [MSRB Rule G-11](#), on primary offering practices, and [MSRB Rule G-32](#), on disclosures in connection with primary offerings, and data points collected under the rule.

Advertising Rules

The Board discussed comments received on draft amendments to the MSRB's [proposal to update and harmonize certain provisions of its municipal securities dealer advertising rule, MSRB Rule G-21](#), with those of other financial regulators, and to create similar advertising standards for municipal advisors. In response to market feedback, the Board agreed to revise draft amendments to Rule G-21 and to file them, along with proposed new Rule G-40, on municipal advisor advertising, with the Securities and Exchange Commission (SEC). The proposed amendments to Rule G-21 would, among other things, enhance the MSRB's fair-dealing provisions by harmonizing Rule G-21 with certain of FINRA Rule 2210's content standards for advertisements, including testimonials. Similarly, proposed new Rule G-40 would set forth general provisions, address professional advertisements and require principal approval for advertisements by municipal advisors.

Reporting of Information on Municipal Fund Securities

The Board discussed the MSRB's collection of data relating to municipal fund securities, specifically, ABLE (Achieving a Better Life Experience Act) programs and 529 college savings plans, and directed staff to continue work on several projects related to such data collection.

Date: July 28, 2017

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