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MSRB's Request for Comment on Retrospective Review of Primary Offering Practices.

The MSRB has released for comment its concept proposal on MSRB rules on primary offering practices. The BDA's letter suggests that existing MSRB rules adequately protect primary offering practices and the existing regulatory framework is sufficient, thus eliminating the need for new rules to govern primary offering practices. Public comments on the proposal are due Monday, November 13th.

BDA's comment letter can be found here.

Draft Letter Summary:

Rule G-11 Primary Offering Practices

- **Bona Fide Public Offering:** Argues against the need for the definition of, and a specific rule requiring, a bona fide public offering in all municipal securities offerings
- **Submission of Preliminary Official Statements to EMMA:** Urges the MSRB not to adopt a rule, with the exception of competitive bid offerings, requiring the posting of preliminary official statement to EMMA
- **Free-to-Trade Wire:** Urges the MSRB require all senior syndicate managers to send a free-t--trade wire, in addition to ensuring the timing to trade freely is as transparent as possible

Rule G-32 Disclosures in Connection with Primary Offerings

- **Disclosure of CUSIPs:** Urges MSRB require the senior syndicate manager or sole manger to disclose the CUSIPs refunded and the percentages thereof within a short period following the pricing of the refunding bonds, if available
- **Official Statements:** Recommends MSRB amend Rule G-32(c) to extend the requirement to make the official statement available to the senior managing underwriter or sole underwriter to non-dealer municipal advisors

Proposed Rule Summary:

MSRB's request seeks insight on evolving primary offering practices and whether current rules continue to operate effectively or whether changes to MSRB Rule G-11, on primary offering practices, and Rule G-32, on disclosures in connection with primary offering practices.

Concerning Rule G-11 on Primary Offering Practices

- Require underwriters to make a bona fide public offering
- Standardize the process for issuing a free-to-trade wire
- Require senior syndicate managers to provide more information to issuers
- Align the payment of group net sales credits with the payment of net designated sales credits
- Require retail (or institutional, as applicable) priority orders in negotiated sales to be allocated in

full before allocating to lower priority orders, unless the syndicate manager has received permission from the issuer to allocate to lower priority orders

Concerning Rule G-32 on Disclosures in Connection with Primary Offering Practices

- Require underwriters in a refunding to disclose, within a shorter timeframe, to all market participants at the same time, the CUSIPs refunded and the percentages thereof
- Require the underwriter or municipal advisor to submit the preliminary official statement (POS) to EMMA, if one is availableRequire non-dealer municipal advisors that prepare certain official statements to make the official statement available to the underwriter after the issuer approves it for distribution
- Auto-populate into Form G-32 certain information that is submitted to DTCC's New Issue Information Dissemination Service (NIIDS) but is not currently required to be provided on Form G-32
- Request additional information on Form G-32 that is not currently provided to NIIDS

Bond Dealers of America

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