Bond Case Briefs

Municipal Finance Law Since 1971

MSRB Establishes New Effective Date for Advertising Rules and Adopts BDA Position on Social Media Guidance.

Today, February 26, 2019, the MSRB established the effective date for amendments to MSRB Rule G-21, on advertising by brokers, dealers and municipal securities dealers, and new MSRB Rule G-40, on advertising by municipal advisors (the "advertising rules"), and established new interpretive guidance to the rules on the use of social media.

The MSRB also amended the advertising rules regarding the application of supervisory pre-approval requirements to interactive advertising content. **The new effective date is August 23rd, 2019.**

Thanks to continued efforts from membership, BDA proposals were adopted by the MSRB.

The notice can be read here.

MSRB Adopts BDA Position

In a September comment letter, the BDA stated in reference to *Draft FAQ 11* that, "It believes that record-keeping and record retention rules should apply to posts by third parties on an associated person's personal social networking page only in extremely limited circumstances." **The MSRB agreed with this sentiment and added further guidance and clarification.**

The FAQ's provide guidance regarding when a post by a customer, a municipal entity client or another third party (collectively, a "third-party post") on a regulated entity's social media page may be considered advertising under the advertising rules. Further, the new guidance lays out differences on how an associated person's personal social networking page activity may be deemed "advertising."

The MSRB also worked to draw the distinction between interactive and static websites as requested by the BDA. The present amendments to the advertising rules now address interactive content that is an advertisement.

Background

In May, the SEC approved the MSRB's proposed Rule G-40, on advertising by municipal advisors, and amendments to MSRB Rule G-21, on advertising by municipal securities, despite opposition from almost all broker-dealer groups. Both new Rule G-40 and amendments to G-21 were initially set to be effective on February 7, 2019, however the date was extended in early 2019.

In September, the BDA submitted a comment letter to the MSRB concerning the Request for Comment on Draft Frequently Asked Questions Regarding Use of Social Media under MSRB Advertising Rules. The final comment letter can be viewed here.

Bond Dealers of America

February 27, 2019

Copyright © 2026 Bond Case Briefs | bondcasebriefs.com