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MSRB Seeks Comment on Rule G-23 on Activities of Financial Advisors.

Washington, DC – In connection with its ongoing retrospective review of its rules and guidance, the Municipal Securities Rulemaking Board (MSRB) is seeking comment on [MSRB Rule G-23](#) and related MSRB interpretive guidance. [MSRB Notice 2019-13](#) solicits input on whether Rule G-23's requirements for brokers, dealer and municipal securities dealers (collectively, "dealers") acting in a financial advisor capacity remain appropriate in light of the regulatory framework implemented for municipal advisors and other changes in the municipal securities market since Rule G-23 was last amended in 2011.

Rule G-23 establishes ethical standards and disclosure requirements for dealers who act as financial advisors to issuers with respect to the issuance of municipal securities, and importantly, prohibits such a dealer from underwriting the same issuance. The rule predates the implementation of rules for municipal advisors established by the MSRB and the U.S. Securities and Exchange Commission (SEC).

"As part of our retrospective rule review this year, we are evaluating Rule G-23 to determine whether changes may be necessary in light of the new regulatory framework for municipal advisors," said MSRB President and Chief Executive Officer Lynnette Kelly. "Because Rule G-23's obligations for dealer-financial advisors predates obligations for municipal advisors that include a fiduciary duty to issuers, we are seeking broad public comment on new considerations and market practices that will inform any possible changes to the rule."

Since the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act in 2010, the MSRB adopted rules for municipal advisors, including [MSRB Rule G-42](#), which establishes conduct standards and other requirements for municipal advisors. The MSRB also adopted an interpretive notice under Rule G-17, on fair dealing, which provides requirements for dealers serving as underwriters of municipal securities. Because of the interrelationship between these requirements and Rule G-23, the MSRB seeks input on whether these requirements are appropriately aligned and to ensure that there are no inconsistencies or unwarranted burdens associated with them.

The MSRB began a formal retrospective rule review in 2012 to help ensure MSRB rules and interpretive guidance are effective in their principal goal of protecting investors, issuers and the public interest. The retrospective review also seeks to ensure that MSRB rules are not overly burdensome, are clear and harmonized with the rules of other regulators, as appropriate, and are reflective of current market practices. In October 2018, the Board identified the continuation of its ongoing retrospective rule review as a strategic priority for its current fiscal year and subsequently developed criteria to help identify priority rules or rule areas for review.

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