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MSRB Advances Governance Proposal at Quarterly Board Meeting.

Washington, DC - The Board of Directors of the Municipal Securities Rulemaking Board (MSRB) met on January 22-23, 2020 for its quarterly in-person meeting, where it voted to seek public comment on recommendations from its Governance Review Special Committee.

The Board established a [special committee](#) at the start of Fiscal Year 2020 to conduct a comprehensive review of the MSRB's governance practices, including potential improvements to the Board's structure and composition.

"The structure of the MSRB's Board of Directors leverages the expertise of diverse municipal market participants to effectively and efficiently protect investors and issuers," said MSRB Board Chair Ed Sisk. "We know there is room for continuous improvement, and we set out this fiscal year to carefully scrutinize our governance practices and consider input from policymakers and other stakeholders."

The potential amendments to [MSRB Rule A-3](#), which will be released for a 60-day comment period, include tightening the independence standard required of public representatives on the Board and reducing the size of the Board.

Market Regulation

The Board also plans to seek public comment on a retrospective rule review of [MSRB Rule G-27](#), on supervision, to align the rule with the Financial Industry Regulatory Authority's (FINRA) supervision rules. Rule G-27 was one of the rules prioritized for review by the Board at its meeting in July 2019.

In another action to promote regulatory consistency, the Board voted to file proposed amendments to its rules concerning suitability, gifts and gratuities, and books and records to facilitate implementation of the Securities and Exchange Commission's (SEC) Regulation Best Interest ("Reg BI"). The MSRB has coordinated closely with the SEC and FINRA to mitigate any potential confusion over which standards will apply with respect to recommendations to retail customers.

The Board discussed public comments submitted to the SEC on a proposed order to grant conditional exemptive relief, which would, if granted by the SEC, permit municipal advisors to engage in certain limited activities in connection with the direct placement of municipal securities without registering as a broker. The Board submitted a [comment letter](#) on the proposal.

Market Transparency

The Board continued its review of comments received on its proposal, filed with the SEC in November 2019, to enhance the Electronic Municipal Market Access (EMMA®) website with a "submission calculator" to more prominently display existing information on the timing of issuers' annual and audited financial disclosures. The MSRB will continue to review input from commenters and will publish a letter responding to comments in advance of SEC action on the proposal.

The Board received an update on the enterprise-scale migration of MSRB market transparency systems and data to the cloud, which aims to position the MSRB to evolve its EMMA system to facilitate the use of municipal market data for dynamic comparison, regulatory compliance and deeper market analysis.

“Our long-term strategic goal is to optimize the utility of market data for our stakeholders and enhance our own capabilities to effectively oversee the market,” Sisk said. “The Board’s investment in cloud technology and system modernization brings us much closer to that goal.”

Other Business

During its meeting, the Board met with SEC Chairman Jay Clayton and FINRA CEO Robert Cook to discuss regulatory coordination and oversight of the municipal securities market.

As part of its stewardship of financial resources, the Board reviewed its reserves in accordance with the organization’s [funding policy](#).

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