

# **Bond Case Briefs**

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## **Bond Dealers of America Holds Legal and Compliance Meeting in Memphis.**

The Committee discussed Municipal Advisor Rule and FINRA Proposed Margining Amendments.

On Friday, February 21, 2014, the BDA held a Legal & Compliance meeting at the offices of Raymond James in Memphis, TN from 12:30 - 4:30pm. At the meeting, member firms gathered to foster discussion as each separately drafts written supervisory procedures in order to meet the parameters of certain topical rules and proposed regulations. Specifically, the committee discussed:

- SEC Final Municipal Advisor Rule
- FINRA's Proposed Amendments to Rule 4210 on Margining
- MSRB Proposed Rule G-42 on duties of municipal advisors and
- MSRB Proposed Rule on Best Execution

The L&C meeting attendees discussed the ongoing challenges they are up against in the face of these proposed and final rules. They agreed to craft a document for distribution among all BDA member firms so they may use it as a resource while drafting internal procedures.

Regarding the Muni Advisor Rule, L&C Committee Members:

- Discussed recurring questions stemming from the first round of SEC FAQs;
- Shared ongoing concerns at individual firms and discussed submission of questions to the SEC for their anticipated second round of FAQs;
- Discussed the rule's exceptions and the positives and negatives for each;
- Discussed timing for being able to rely on an exception and what to do if there is none in place and
- Made a decision that the BDA would produce a checklist for firms to use when looking for additional resources to assist in your compliance efforts.

Regarding the FINRA Proposed Margin Amendments, L&C Committee Members:

- Reviewed documents containing a summary of the rule, including outstanding questions for consideration as we draft BDA's comment letter;
- Discussed outstanding "problem areas" we foresee if the rule were to go into effect as is;
- Discussed what firms should be looking at while doing an internal assessment regarding their compliance needs in implementing the rule;
- Review of what our firms have done to date as far as either putting a system in place or subscribing to a third party system;
- Discussion of the impact at the retail level and especially as that relates to the sub-account level;
- Made a decision to create a checklist for firms to use as they consider how they will comply with the rule when it goes into effect and
- Decided also to distribute an internal document related to the outstanding third party vendor options which are available, including detailed information about each.

With regard to their discussion surrounding MSRB Proposed Rule G-42 and Best Execution, L&C

members:

- Reviewed their past comment letters;
- Discussed their approach and process for the next set of comment letters, including the decision to host additional issue-specific conference calls to dig deeper into these issues as the comment letter deadline approaches.

The BDA Legal & Compliance Committee will take the information learned at this meeting and produce an internal document so that all BDA firms can be on the same page with what they believe are integral components of the rule(s) and to be sure member firms are considering certain specific and high level elements as they draft internal procedures.

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