

# **Bond Case Briefs**

*Municipal Finance Law Since 1971*

---

## **MSRB Seeks Approval of First MA Rule.**

WASHINGTON — The Municipal Securities Rulemaking Board sought approval Thursday for the first municipal advisor rule the muni industry's self regulator has asked the Securities and Exchange Commission to approve since SEC adopted its final MA rule in September.

Proposed Rule G-44, first floated in February, would require MAs to establish, implement, maintain and enforce written supervisory procedures designed to ensure compliance with the federal securities laws and rules. The proposal also includes proposed revisions to Rules G-8 on books and records and G-9 on preservation of records, which would require MAs to keep and maintain records of their compliance policies for at least five years and records of those responsible for compliance for at least six years after they are no longer in charge of compliance. It would mark the first time non-dealer MAs have been subject to supervisory requirements under MSRB rules.

"With today's rule filing, the MSRB is demonstrating its continued commitment to establish a comprehensive regulatory framework for those professionals who provide certain types of financial advice to state and local governments," said MSRB executive director Lynnette Kelly. "We aim to ensure that municipal entities are protected by robust regulations that appropriately address practices and behaviors that are not consistent with a municipal advisor's duties to its clients."

The rule generated a wide range of responses from market participants, with non-dealer MAs seeking more flexibility for small firms and sole proprietorships and dealer-MAs seeking to implement a baseline standard for all advisors. The MSRB has said it believes the rule strikes an appropriate balance, and the proposed rule does allow firms to tailor their written policies and procedures to be appropriate to their sizes.

The MSRB is in the process of developing and proposing various rules stemming from the SEC's MA rule, which imposes a fiduciary standard on those providing muni-related advice to state or local governments. The MSRB proposed a revised MA conduct rule Wednesday. The SEC must approve any proposal before it becomes final.

THE BOND BUYER  
BY KYLE GLAZIER  
JUL 24, 2014 5:14pm ET