

Bond Case Briefs

Municipal Finance Law Since 1971

MSRB Proposes Professional Qualification Standards for Municipal Advisors.

Alexandria, VA - The Municipal Securities Rulemaking Board (MSRB) today filed a proposed rule change with the Securities and Exchange Commission (SEC) to create baseline standards of professional qualification for municipal advisors. The Dodd-Frank Wall Street Reform and Consumer Protection Act charged the MSRB with developing professional standards as part of a comprehensive regulatory framework for municipal advisors.

“The creation of uniform standards of competency will help ensure municipal advisors engaged in advisory work are qualified in their duties,” said MSRB Executive Director Lynnette Kelly. “The MSRB’s proposed standards aim to protect the interests of state and local governments and other municipal entities that rely on the services of municipal advisors, as well as the investing public.”

The proposed amendments to the MSRB’s existing Rule G-3 on professional qualifications establish two classifications of municipal advisor professionals, representative and principal, with firms required to designate at least one principal to oversee the municipal advisory activities of the firm. The proposed rule change also will require each municipal advisor representative and principal to take and pass a qualification test. The MSRB currently is developing the content outline for the test and plans to administer a pilot exam in 2015.

“Given the significant changes that accompany a new regulatory regime, the MSRB believes it is important for all municipal advisor representatives, regardless of their years of experience or other certifications, to take the exam,” Kelly said.

The MSRB recently received SEC approval to create supervision and compliance obligations for municipal advisors. The MSRB also plans to file a proposal for SEC approval to create core standards of conduct for non-solicitor municipal advisors. Additionally, the MSRB plans to file amendments to extend the MSRB’s pay-to-play rule for dealers to municipal advisors. The MSRB has also proposed extending its existing gifts rule for dealers to include municipal advisors.

For up-to-date information on the MSRB’s professional qualifications program and other rulemaking for municipal advisors, visit the Resources for Municipal Advisors section of the MSRB’s website.

Date: November 19, 2014

Contact: Jennifer A. Galloway, Chief Communications Officer
(703) 797-6600
jgalloway@msrb.org