

# **Bond Case Briefs**

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## **MSRB to Discuss MA Exams, Gift Restrictions, Principal Transaction Disclosure.**

WASHINGTON — The Municipal Securities Rulemaking Board, at its quarterly meeting in Alexandria, Va., next week, will discuss municipal advisor qualification examinations, as well as comments on proposals that would restrict MA gift giving and require dealers to disclose reference prices to customers.

The MSRB announced its discussion topics for the Jan. 28-30 meeting on Thursday. The meeting will be the second of the MSRB's Oct. 1- Sept. 30 fiscal year, but the first of the new calendar year. The board is in the process of completing several muni advisor rules stemming from the final Securities and Exchange Commission MA registration rule, which took full effect last July. The board is also pursuing several price transparency initiatives.

The MSRB has already asked for the SEC to approve setting baseline qualifications for muni advisors, including requiring them to take and pass one-time exams. The Securities Industry and Financial Markets Association has said that a new exam is unnecessary for professionals who have already passed the necessary tests to become dealer representatives. The Investment Company Institute has said that there should be MA exams tailored to specific types of advisory work. The MSRB is working on a pilot exam that it expects to unveil this year.

The MSRB proposal to extend its Rule G-20 on gift and gratuities to also cover MAs was released in October. The rule currently prohibits a dealer from giving directly or indirectly any thing or service of value, including gratuities, in excess of \$100 per year to a person if that gift is related to the muni securities activities of the employer of the recipient.

While most market participants have voiced support to extend the regulation to MAs, dealers and MAs have suggested that the board use the opportunity to make changes to the rule. Dealers told the MSRB the rule should allow dealer firms to use bond proceeds to reimburse themselves for business costs as long as the issuer agrees. Public Financial Management, a large MA firm, said the rule should be amended to explicitly restrict gifts to elected officials.

The comment period just closed on the MSRB's proposal to require dealers acting as principals to disclose to customers on their confirmations a "reference price" of the same security traded that same day. Dealer groups want the proposal withdrawn, but the SEC's Investor Advocate supports it.

THE BOND BUYER

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