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## **SIFMA Develops Model Sophisticated Municipal Market Professional Affirmation for Institutional Customers.**

New York NY, April 7, 2015 - SIFMA today announced that it has developed a model Sophisticated Municipal Market Professional, or SMMP, Affirmation. This new affirmation is necessary in light of Municipal Securities Rulemaking Board (MSRB) rule changes which were approved by the SEC in December 2014 and which become effective December 7, 2015. Until that time, an affirmation from an institutional customer indicating exercise of independent judgment that satisfies FINRA 2111 can be used to satisfy MSRB rules, but current affirmations are no longer a valid means of satisfying MSRB rules as of December 7, 2015.

"The SMMP modified dealer obligations cover more than just assessing suitability for institutional customers," said David Cohen, managing director and associate general counsel at SIFMA. "They now include suitability, time of trade disclosure, best execution, and pricing obligations for certain agency transactions. SIFMA developed the new affirmation to help the marketplace comply with the new rule, MSRB Rule D-15."

Dealers can start immediately contacting customers so that the new affirmation is in place by the December 7 deadline. The scope of modified dealer duties to SMMP's is detailed in MSRB Rule G-48.

To be considered an SMMP, a customer must be (1) a bank, savings and loan association, insurance company or registered investment company; (2) an investment adviser registered either with the SEC under Section 203 of the Investment Advisers Act of 1940 or with a state securities commission (or any agency or office performing like functions); or (3) any other person or entity with total assets of at least \$50 million.

Dealers must also have a reasonable basis to believe that the customer is capable of evaluating investment risks and market value independently, both in general and with regard to particular transactions and investment strategies in municipal securities. Additionally, as part of the reasonable basis analysis, the dealer should consider the amount and type of municipal securities owned or under management by the customer.

Under the rule, the customer must affirm the following:

1. It is a customer of the nature defined in MSRB Rule D-15(a)[1];
2. It is capable of evaluating investment risks and market value independently, both in general and with regard to all transactions and investment strategies in municipal securities;
3. It (1) is exercising independent judgment in evaluating: the recommendations of any Dealer or its associated persons; the quality of execution of the customer's transactions by the Dealer; and the transaction price for non-recommended secondary market agency transactions as to which (i) the Dealer's services have been explicitly limited to providing anonymity, communication, order matching and/or clearance functions and (ii) the Dealer does not exercise discretion as to how or when the transactions are executed; and (2) has timely access to material information that is available publicly through established industry sources as defined in MSRB Rule G-47.

The SIFMA SMMP affirmation is available [here](#).

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