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NABL: MSRB, FINRA Notice on “Loan” and “Security”

Today, the Municipal Securities Rulemaking Board (MSRB) and the Financial Industry Regulatory Authority (FINRA) issued to firms they regulate a joint regulatory notice, reminding those firms of their obligation to conduct adequate due diligence to determine whether certain alternative financial instruments, including direct purchases, may in fact be municipal securities.

The notice emphasizes that even when the financing is described as a “bank loan,” firms still must consider the applicability of MSRB and FINRA rules and other federal securities laws with respect to their activities.

The notice sets out factors to be considered in determining whether a transaction is a loan or a security and provides an overview of applicable MSRB and FINRA rules.

The joint regulatory notice is available [here](#).

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