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Purchasers of ABLE Accounts May Now Be Protected by MSRB Investor Protection Rules.

Washington, DC - The Municipal Securities Rulemaking Board (MSRB) announced today that it has received interpretive guidance from the staff of the Securities and Exchange Commission (SEC) relating to the status under the federal securities laws of interests in accounts established by states to implement programs under the Stephen Beck Jr., Achieving a Better Life Experience Act of 2014 (ABLE Act). As a result of the MSRB's receipt of that guidance, purchasers in ABLE accounts may be protected by the MSRB's investor protection rules that help ensure that they are treated fairly.

ABLE accounts that are sold by MSRB-regulated dealers, which underwrite other municipal fund securities such as 529 plans, are now required to comply with investor protection rules when acting as underwriters with respect to the sale of ABLE accounts.

"The new ABLE Act savings programs are an important vehicle for helping to support individuals with disabilities in maintaining health, independence and quality of life," said MSRB Executive Director Lynnette Kelly. "The application of the MSRB's investor protection rules will help ensure that ABLE account purchasers are treated fairly and afforded the same protections as other investors in municipal fund securities."

The SEC staff guidance allows the MSRB to regulate dealers involved in the primary offering of ABLE accounts because ABLE programs established by states under Section 529A of the Internal Revenue Code of 1986 may, in some cases, be considered municipal securities that are sold by municipal securities dealers.

The SEC staff guidance means that these dealers are subject to the jurisdiction of the MSRB and its investor protection rules. For example, MSRB rules require that a dealer's recommendation to purchase interests in an ABLE account be suitable for the purchaser based on the purchaser's financial situation and investment objectives and that advertisements cannot be materially false or misleading.

The MSRB will be issuing interpretive guidance under its rules for dealers relating to the sale of interests in ABLE accounts.

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