

# **Bond Case Briefs**

*Municipal Finance Law Since 1971*

---

## **MSRB Holds Quarterly Board Meeting.**

Washington, DC – The Board of Directors of the Municipal Securities Rulemaking Board (MSRB) held its quarterly meeting October 26-27, 2016 where it discussed multiple initiatives aimed at protecting investors and promoting a fair and efficient municipal securities market, and held annual meetings with the Securities and Exchange Commission (SEC) and the Financial Industry Regulatory Authority (FINRA).

The Board met with SEC Chair Mary Jo White and Office of Municipal Securities' Director Jessica Kane and Deputy Director Rebecca Olsen, and separately with FINRA's President and CEO Robert Cook and Director of Fixed Income Regulation Cynthia Friedlander to discuss oversight of the municipal securities market and coordination on cross-market initiatives.

One key such initiative is the MSRB's effort to require municipal securities dealers to provide retail investors information about dealer compensation, in the form of a mark-up or mark-down, for certain transactions. In September 2016, the MSRB filed a proposal with the SEC to require dealers to disclose their compensation to investors to help them better understand the cost of buying or selling a municipal bond. It also filed associated regulatory guidance with the SEC on how dealers determine the prevailing price of bonds from which their mark-ups and mark-downs are calculated.

At its meeting, the Board discussed public comments received by the SEC on the MSRB's proposal and in response, agreed to make several minor amendments. "This rule proposal is one of the most significant undertakings of the MSRB in many years," said MSRB Chair Colleen Woodell. "While we are eager to see this rule in place, it's important we address reasonable concerns while preserving the original investor protection and transparency goals," she said.

FINRA is pursuing a similar rule for the corporate bond market. The MSRB has been and will continue to coordinate with FINRA on this cross-market initiative. Additional information on the MSRB's planned amendments will be available in the coming weeks.

In another market transparency initiative, the Board discussed its consideration of improving so-called "pre-trade" price transparency for municipal securities investors. The MSRB makes trade price information about municipal securities transactions freely available to all investors on its Electronic Municipal Market Access (EMMA®) website after the trade occurs. However, retail investors have limited access to additional data that might help them make more informed investment decisions. The Board directed MSRB staff to conduct further research on the potential value of certain pre-trade data as it continues to assess how it might enhance pre-trade transparency for retail investors.

As part of the MSRB's mandate to protect investors and municipal entities, the Board also discussed market practices associated with municipal bond underwritings. It directed MSRB staff to conduct a holistic review of its rules regarding primary offering practices with a view to enhancing existing protections under MSRB rules. Included in that review will be further consideration of a previously announced plan to amend MSRB Rule G-34, on the assignment of CUSIP numbers in primary offerings.

As part of its ongoing review of the MSRB's uniform practice rules, the Board also agreed to publish a request for comment on proposed updates to MSRB Rule G-26, on customer account transfers. Its discussion of the rule focused on modernization of the rule and changes necessary to make it more consistent with similar rules of other regulators.

In response to questions from dealers on the application of MSRB rules to municipal bond transactions by investment advisers having full discretion to act for their clients' accounts, the Board agreed to publish interpretive guidance on the application of certain rules to these transactions.

The Board also held a preliminary discussion of comments received on the second request for comment on a proposal to clarify regulatory provisions that generally prohibit dealers from buying or selling bonds below the minimum denomination stated in the bond offering document. The Board will determine next steps at a later date.

Date: October 31, 2016

Contact: Jennifer A. Galloway, Chief Communications Officer  
(202) 838-1305  
jgalloway@msrb.org

Copyright © 2025 Bond Case Briefs | [bondcasebriefs.com](http://bondcasebriefs.com)