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MSRB Seeks to Establish Advertising Rule for Municipal Advisors and Update Dealer Standards.

Washington, DC - Following a 2017 request for comment and further careful consideration of its advertising rule proposals, the Municipal Securities Rulemaking Board (MSRB) today filed with the Securities and Exchange Commission (SEC) a proposed new rule, MSRB Rule G-40, on advertising by municipal advisors, and amendments to [MSRB Rule G-21](#), on advertising by municipal securities dealers.

“The proposed new standards for fairness and accuracy in municipal advisor advertising will augment the MSRB’s core regulatory framework intended to protect municipal entities and obligated persons,” said MSRB Executive Director Lynnette Kelly. Under MSRB rules created to implement the Dodd-Frank Wall Street Reform and Consumer Protection Act, municipal advisors are subject to core standards of conduct, supervision obligations, regulations to address pay-to-play activities and professional qualification requirements.

“Proposed Rule G-40 is well-tailored for municipal advisors and municipal advisor solicitors but is similar to advertising standards for dealers, which have been in place for nearly 40 years,” Kelly said. Today’s rule filing includes proposed updates to the MSRB’s dealer advertising rule to promote regulatory consistency with certain advertising rules of other financial regulators.

To inform its approach to the development of proposed Rule G-40 and amended Rule G-21, the MSRB in February 2017 [requested industry and public comment](#) on topics including how municipal advisors use advertising and considerations for streamlining and modernizing dealer advertising regulations. Based on commenter feedback, the MSRB revised its draft amendments to Rule G-21 to permit testimonials in dealer advertisements under certain circumstances. Further, the MSRB clarified the definition of advertisement under proposed Rule G-40 for advertising by solicitor municipal advisors.

Both rules include language clarifying that dealers and municipal advisors cannot omit any material fact or qualification from an advertisement if the omission would cause the advertisement to be misleading. Both rules also include guidance that the determination of the number of persons receiving a response to a request for proposal or similar request is determined at the entity level, another change suggested by commenters.

The MSRB has requested an effective date of nine months for the proposed changes, if approved by the SEC following its public notice and comment process. [View the filing.](#)

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