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MSRB Holds Quarterly Meeting.

Washington, DC – The Board of Directors of the Municipal Securities Rulemaking Board (MSRB) met April 25-26, 2018, where it discussed numerous initiatives related to its oversight of the municipal securities market, focused on several retrospective rule reviews and advanced the development of a new professional qualification exam for municipal advisor principals.

The MSRB is midway through a fiscal year during which regulated entities are adapting to previously adopted rules aimed at protecting investors and municipal entities. The Board discussed ongoing efforts to assist municipal securities dealers in implementing a mark-up disclosure rule, and the numerous compliance support resources and events the MSRB is providing to assist regulated entities in understanding and complying with rules.

At its meeting, the Board discussed several market practices and agreed to seek public comment on potential rule updates and interpretations in the interest of market fairness and efficiency, and regulatory clarity. For example, the Board agreed to seek public comment on potential guidance or uniform practices for underwriters related to the dissemination of information about new bond issues and refunding transactions. This action is part of a long-term retrospective review of MSRB rules on syndicate practices.

Separately, the Board agreed to seek public comment on draft interpretive guidance for dealers that would clarify existing regulations on the practice of “pennying,” sometimes called “last look,” and draft revisions to existing guidance on the MSRB’s best-execution rule to clarify how dealers can satisfy their obligations without posting bid-wanted on multiple electronic bidding platforms.

The Board also considered regulations governing duties owed by dealers to issuers when underwriting municipal securities that are codified in interpretive guidance under MSRB Rule G-17 issued in 2012 and agreed to publish a request for comment on the merits of any potential changes to the guidance.

“With over five years of experience with the application of our Rule G-17 guidance, we think it is the appropriate time to engage in a retrospective review to determine its effectiveness, as well as any opportunities to improve the guidance,” said MSRB President Lynnette Kelly.

Kelly said the Board recognizes that industry responses to requests for comment can be time-consuming and will continue to be cognizant of how it sequences new and planned requests and provide stakeholders with adequate time to respond. “We have multiple initiatives that require public feedback, and we want to ensure that we receive substantive input on the scope and substance of these proposals and their potential impacts,” Kelly added. Those initiatives include a proposed consolidation of MSRB requirements related to transactions in discretionary accounts and a proposal to streamline submission of data submitted by underwriters related to new offerings and the potential collection of additional information that could support market transparency.

The Board also discussed the MSRB’s ongoing development of a professional qualification examination for municipal advisors, consistent with its mandate under the Dodd-Frank Wall Street

Reform and Consumer Protection Act. With a baseline qualification exam for municipal advisor representatives in place since September 2016, the MSRB has been developing a principal-level exam to qualify individuals engaged in the management, direction or supervision of the municipal advisory activities of the firm and its associated persons. At its meeting, the Board approved proposed amendments to MSRB Rule G-3, on professional qualification requirements, and to MSRB Rule A-16, on examination fees, and the filing of the Municipal Advisor Principal Qualification Examination (Series 54) Content Outline to formally establish the Series 54 exam. The proposal includes a 12-month grace period for municipal advisor principals to take and pass the Series 54 exam once the permanent exam becomes available following a pilot of the exam.

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