

Bond Case Briefs

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MSRB Releases Guidance on Rule G-23 and the SEC's Temporary Conditional Order.

The MSRB this afternoon released guidance addressing the interaction of MSRB Rule G-23 and the SEC's Temporary Conditional Order related to the role of Municipal Advisors in bank placement transactions. The guidance is in the form of an addition to the MSRB's COVID-related frequently asked questions.

As you may recall, BDA reported last Friday that the MSRB believes that Rule G-23 does not prevent dealer MAs from using the TCE. Today's release confirms that position. This guidance has been approved by relevant SEC staff. The text of today's addition is:

To facilitate more timely and efficient access to bank financing alternatives by municipal issuers during this historic COVID-19-related market disruptions, the SEC issued an emergency temporary conditional order to permit registered municipal advisors to solicit a defined set of banks, wholly-owned subsidiaries of banks, and credit unions in connection with certain direct placements of municipal securities by their municipal issuer clients (the "Temporary Conditional Exemption"). In light of MSRB Rule G-23, on activities of financial advisors, which prevents role switching, is the Temporary Conditional Exemption available to registered municipal advisors that are also registered dealers?

Yes. MSRB Rule G-23(d)(i) prevents a dealer that has a financial advisory relationship with respect to the issuance of municipal securities from, among other things, switching to a role as placement agent for that issuance of municipal securities. A firm that is registered as both a municipal advisor and a dealer may rely on, and engage in, the activities contemplated by the Temporary Conditional Exemption in its role as a municipal advisor without role switching for purposes of MSRB Rule G-23, so long as the firm complies with the conditions set forth in the Temporary Conditional Exemption. The MSRB urges firms to be mindful of their obligations under MSRB rules concerning municipal advisory activity when acting in their capacity as a municipal advisor and engaged in activities contemplated by the temporary conditional exemption.

MSRB FAQ's found [here](#).

The BDA will continue working with the SEC and others including Congress on the TCO ensuring expiration in December.

Bond Dealers of America

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