MSRB Modifies Rules to Align with Reg. BI: Cadwalader

The MSRB modified several rules to align with Regulation Best Interest (or "Reg. BI").

As previously covered, the MSRB-proposed rule changes will revise:

- Rule G-19 ("Suitability of Recommendations and Transactions") to limit its applicability to those matters when Reg. BI is not applicable;
- Rule G-48 ("Transactions with Sophisticated Municipal Market Professionals") to clarify that relief from conducting a customer-specific suitability analysis when making a recommendation to a Sophisticated Municipal Market Professional (or "SMMP") is only available for recommendations subject to MSRB Rule G-19; and
- Rule G-20 ("Gifts, Gratuities, Non-Cash Compensations and Expenses of Issuance") to align permissible non-cash compensation with related requirements under Reg. BI.

Additionally, the rule changes mandate all broker-dealers to maintain books and records consistent with Reg. BI and related Form CRS requirements.

The amendments will go into effect on June 30, 2020, which is also the compliance date for Reg. BI.

Cadwalader Wickersham & Taft LLP

June 29 2020

Copyright © 2026 Bond Case Briefs | bondcasebriefs.com