

# **Bond Case Briefs**

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## **MSRB Holds Quarterly Board Meeting and Elects New Officers.**

**Washington, DC** - The municipal market's self-regulatory organization held its quarterly Board of Directors meeting in Washington, DC, on July 21-22, 2021. The Municipal Securities Rulemaking Board (MSRB) elected new officers and adopted a new organizational vision, long-term strategic direction and supporting budget for Fiscal Year 2022 that will advance its mission in the upcoming fiscal year and beyond.

Also at its meeting, the Board considered and advanced several market regulation initiatives, received updates on multi-year technology and data activities, and authorized staff to prepare a request for information on Environmental, Social and Governance (ESG) considerations in the municipal market.

### **Board Leadership**

The Board announced today that it has elected Patrick Brett, Managing Director and Head of Municipal Debt Capital Markets at Citi in New York, to serve as FY 2022 Chair of the Board. Meredith L. Hathorn, Managing Partner, Foley & Judell, L.L.P. in Baton Rouge, LA, will serve as Vice Chair. Officer terms are one year. The Board will soon announce the incoming class of four new Board members whose terms will begin October 1, 2021.

"Both Patrick and Meredith exemplify the commitment to public service and market knowledge that are hallmarks of great Board leaders," said MSRB CEO Mark Kim. "I am delighted to be working alongside Patrick and Meredith to advance the MSRB's bold new strategic plan grounded in our Congressional mandate to protect investors, issuers and the public interest."

### **Strategic Planning**

The Board defined the MSRB's mission, vision and values and adopted a long-term strategic plan aimed at strengthening market efficiency and transparency. The MSRB will publish its strategic plan for the next four years in advance of the new fiscal year, which begins on October 1, 2021.

"We spent the last year listening to our stakeholders and formulating the Board's vision for the market that helps bring progress and opportunity to communities across the country," Kim said. "I'm looking forward to continuing that dialogue and sharing our strategy for how we can deploy the tools of regulation, technology and data in impactful ways to serve the public interest."

### **Market Regulation**

The Board advanced the following initiatives through the rulemaking process:

- **Filing proposed amendments to [MSRB Rule G-10](#):** After considering comments received during its [public request for comment](#), the Board determined to seek approval from the Securities and Exchange Commission (SEC) of a proposed rule change to streamline the delivery of

disclosures to investors and to amend [Rule G-48](#) to exempt sophisticated municipal market professionals (SMMPs) from the disclosure requirement.

- **Filing proposed modernization of [MSRB Rule G-34](#):** Based on stakeholder feedback, the Board authorized staff to seek SEC approval of proposed amendments to align the text of the MSRB's rule on obtaining CUSIP numbers with current market practices.
- **Additional comment on draft solicitor municipal advisor rule:** The Board discussed [comments received on a public request for comment on draft MSRB Rule G-46](#) and determined to publish a second request for comment on a revised draft rule addressing feedback from commenters.
- **Filing proposed amendments on the application of Regulation Best Interest:** The MSRB will seek SEC approval of proposed amendments to MSRB rules to apply aspects of the SEC's Regulation Best Interest requirements to bank dealers. The MSRB also will seek approval to amend [Rule G-48](#) to address changes to the responsibility to perform a quantitative suitability analysis when making a recommendation to certain SMMPs.

The MSRB plans to advance these rulemaking initiatives over the next several months. Previously, the Board authorized staff to issue a request for comment on next steps in modernizing [MSRB Rule G-27](#) on dealer supervision, which the MSRB plans to do later this summer for a 90-day comment period.

## **Professional Qualifications and Compliance**

The Board received an update on the implementation of the Series 54 examination for municipal advisor principals. Municipal advisor principals must take and pass the exam by November 12, 2021. On November 13, 2021, issuers and the public may view a listing of individuals who have become qualified with the Series 54 exam. [View the MSRB's Series 54 resource page.](#)

The Board also discussed the development of compliance resources for dealers and municipal advisors. The Board's FY 2021 Compliance Advisory Group helps identify those areas where compliance assistance is warranted and will be most impactful.

## **Technology and Data**

The Board continues to monitor efforts to leverage cloud technology to modernize the MSRB's critical market transparency systems, including the Electronic Municipal Market Access (EMMA®) website. The Board also previewed a prototype data quality dashboard that is being developed to enhance the MSRB's data governance and oversight capabilities.

"As our market becomes increasingly data-driven, we recognize that enhancing data quality will significantly enhance the ability of market participants to make informed decisions," Kim said.

## **ESG Initiatives in the Municipal Market**

The Board continues to discuss how ESG considerations are influencing market practices and has authorized staff to prepare a draft request for information from the public. The request for information would be intended to inform the MSRB's understanding of this evolving area in the market and how the MSRB might approach ESG trends in the context of its mission to protect investors, municipal issuers, and the public interest.

## **MSRB Budget and Operations**

The Board approved a \$43 million operating budget for FY 2022, reflecting a 4% increase over FY 2021. The Board also approved designating an additional \$7.5 million of organizational reserves to

increase the Board's Designated Systems Modernization Fund, bringing the total level of funding for this multi-year effort to \$17.5 million to modernize the MSRB's suite of market transparency technology systems. The full budget will be published this fall.

The MSRB today is announcing that it has named Omer Ahmed as Chief Financial Officer to oversee the budget and financial stewardship of the organization. Ahmed previously served as Chief Risk Officer. Nanette Lawson, who has been serving in the dual capacity of Chief Operating Officer and CFO, will focus exclusively on COO responsibilities, including management of the MSRB's regulatory, technology and data divisions as well as finance, risk, human resources and administration.

More information regarding the Board's governance, membership, and Committees and advisory groups is available at <https://www.msrb.org/About-MSRB/Governance/MSRB-Board-of-Directors>.

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Contact: Leah Szarek, Chief External Relations Officer  
202-838-1300  
[lszarek@msrb.org](mailto:lszarek@msrb.org)

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