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SEC Approves MSRB Amendment to Allow Testimonials in Muni Advisor Advertisements.

The SEC [approved](#) an MSRB proposal to amend Rule G-40 (“Advertising by Municipal Advisors”) which will allow for the use of testimonial statements in municipal advisor advertisements. The MSRB set a compliance deadline of July 3, 2023.

As [previously covered](#), the rulemaking will (i) establish supervisory obligations specific to testimonial use, (ii) modify the definition of “municipal advisory client” with regard to soliciting municipal securities businesses to align with MSRB Rule G-38 (“Solicitation of Municipal Securities Business”) and (iii) create a conforming obligation under MSRB Rule G-8 (“Books and Records to be Made by Brokers, Dealers, and Municipal Securities Dealers and Municipal Advisors”) to keep any records relating to testimonial advertising, including any record of payment for testimonials.

In response to comments received during the initial comment period, the MSRB amended its proposal to include (i) clarifying language to “enhance readability and understanding” and (ii) social media guidance consistent with the proposed changes to Rule G-40.

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