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MSRB Advanced Regulatory and Technology Modernization Initiatives; Discussed Enhanced Stakeholder Outreach at Quarterly Board Meeting

Washington, D.C. — The Board of Directors of the Municipal Securities Rulemaking Board (MSRB) met on April 17-18, 2024, for the third quarterly meeting of fiscal year 2024, where it discussed several market regulation and market transparency initiatives to advance its FY 2022-2025 Strategic Plan. The Board also discussed recent outreach efforts to enhance stakeholder understanding of the MSRB's rate card model, budget and technology investments.

"Modernizing MSRB rules and technology is a key focus for the Board as it works to provide greater transparency while protecting and strengthening the municipal securities market," said MSRB Chair Meredith Hathorn. "We continue to make progress on our strategic objectives and to identify important ways to enhance our broader outreach to the industry and stakeholders to hear their diverse perspectives."

Market Regulation

The Board approved issuing a request for comment on proposed changes to MSRB Form A-12 to collect associated person information from bank dealers for subsequent display on MSRB.org, similar to information made available by the MSRB on associated persons of municipal advisors, as well as on certain potential technical amendments to Rule A-12.

The Board also authorized issuing a concept proposal seeking input on the potential modernization of requirements for dealers to deliver primary offering disclosures to customers for municipal fund securities, which include 529 plans and ABLE programs. The concept proposal would also seek input on potentially creating a new standalone rule similar to Rule G-47 on time of trade disclosure, which would include codifying existing interpretive guidance related to disclosure for municipal fund securities.

Additionally, the Board received an update on:

- Rule G-14: Pending rule proposal to shorten the timeframe for trade reporting. The Board discussed certain key aspects of the proposal in light of comments received on its January 2024 rule filing and considered next steps toward potential final approval of the proposal by the SEC.
- Rule G-12(c): Potential codification of confirmation requirements for certain inter-dealer trades.
- Rule D-15: Potential modifications to the definition of a sophisticated municipal market professional (SMMP).
- Form G-32: Review of recent changes to the submission process for primary market disclosures to the MSRB's Electronic Municipal Market Access (EMMA) website.
- Public comments to MSRB's Request for Information on Impacts of MSRB Rules on Small Firms.

Finally, the Board received briefings on the potential impact on the municipal securities market of the SEC's recently adopted Rule 192 on conflicts of interest relating to certain securitizations as

well as on recent press reports regarding extraordinary optional redemptions of Build America Bonds.

Market Transparency

The Board received an update on efforts to modernize the EMMA website, and related market transparency systems. This includes leveraging cloud computing and new technologies such as artificial intelligence and machine learning to improve the quality of data available on the EMMA website.

Additionally, the Board reviewed recent and forthcoming research publications, including a report indicating that an increase in pre-trade quote volume was correlated with trade price improvement in the municipal securities market.

MSRB Stakeholder Meeting

The Tuesday prior to its quarterly meeting, MSRB Board leadership and Finance Committee members, along with several other members of the Board and MSRB senior staff, met with industry stakeholders including broker-dealers, municipal advisors, issuers and investors. This was the second of two meetings, the first of which was held in March with regulated entities to discuss the MSRB's 2024 rate card and fee-setting process. Tuesday's meeting, which focused on the MSRB's budget and technology initiatives, provided greater transparency and insight into these areas, while providing an opportunity for various stakeholder groups to come together and share their perspectives.

"We look forward to continued engagement with our stakeholders as we advance the MSRB's mission of protecting and strengthening the municipal securities market," said MSRB CEO Mark Kim.

Date: April 19, 2024

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