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MSRB Meeting Will Address Contentious Regulations.

The Board of Directors of the Municipal Securities Rulemaking Board will try to iron out some thorny issues when they meet on July 24-25, for their final quarterly gathering this fiscal year.

Establishing priorities for the next fiscal year and approving the FY 2025 budget to advance its strategic plan are among the agenda items. Of interest to the municipal bond market, the agenda includes key regulatory matters, including updates on Rule G-12(c), Rule D-15, and Rule G-27.

Rule G-12(c) remains a contentious subsection that seeks to codify transaction confirmation requirements for certain inter-dealer trades. Negotiations between the regulator and the industry over the rule have been going on since December 2023.

The Securities Industry and Financial Markets Association has gone on record labeling the rule as “obsolete” and asking for it to be deleted.

Rule D-15 deals with proposed modifications to the definition of a sophisticated municipal market professional that would affect broker dealers and municipal advisors.

Rule G-27 is trying to align MSRB rules for broker-dealers and municipal advisors working from home with similar regulations imposed by the Financial Industry Regulatory Authority. Finessing the fine points of G-27 was called into question by industry reps in June.

The Bond Dealers of America believes the ruling limits flexibility regarding remote work and applies only to supervisory functions for an individual firm as opposed to extending to investment bankers or traders involved in order execution or market making.

The board is considering the publication of a request for information regarding potential modifications to the rate card model for assessing fees on regulated entities.

In addition to the proposed rule changes, the board also plans to address its efforts on market transparency and structure via a progress report on EMMA website updates.

The MSRB is looking at an initiative that would collect pre-trade municipal market data to enhance market transparency and whether to publish a concept release on the topic for industry feedback.

An information session on blockchain and the emerging use of the technology in the municipal bond market is also planned.

The Board will also hold FY 2025 officer elections for the chair and vice chair positions. Meredith Hathorn, a managing partner at Foley & Judell, L.L.P., currently serves as chair and Angelia Schmidt, managing director and head of underwriting at UBS is the current vice chair.

By Scott Sowers

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