MSRB Rule G-27 on Dealer Supervision: SIFMA Comment Letter

Summary

SIFMA provided comments to the MSRB on Notice 2026-012, and applauds the MSRB's forward-thinking efforts to modernize its rules to reduce undue compliance burdens on regulated entities while continuing to provide appropriate investor and issuer protections.

Excerpt

SIFMA 1 appreciates this opportunity to provide input on MSRB Notice 2026-01 2, and applauds the MSRB's forward-thinking efforts to modernize its rules to reduce undue compliance burdens on regulated entities while continuing to provide appropriate investor and issuer protections. In furtherance of this goal the MSRB should:

- eliminate all location-based concepts of supervision, recognizing that functional-based supervision comports with how business and supervision is conducted today and how regulators operate in the current electronic workplace;
- if that is not possible at this time,

> 1) approve the draft amendments that increase the length of the exclusion from the municipal branch office registration for locations other than a primary residence from 30 business days to 60 business days; and
>
> 2) approve, with our suggested edits, the draft amendments which clarify that the term "structuring" in the definition of "office of municipal supervisory jurisdiction" does not include "public finance activities."

Continue reading.

March 16, 2026

MSRB: Institutional Customer Activity and Use of ATS

Read the MSRB Report.

Municipal Securities Rulemaking Board

March 23, 2026

Municipal Bond Issuers: Second Circuit Properly Applied 'Rigorous Analysis' Standard in Certifying VRDO Class

Certiorari should be denied because no circuit split exists, and Rule 23 does not require courts to resolve expert disputes at class certification.

Respondents City of Philadelphia and other municipal plaintiffs urged the Supreme Court to deny certiorari from a Second Circuit decision affirming class certification in an antitrust action alleging a conspiracy by major financial institutions to inflate variable-rate demand obligations (VRDO) interest rates. They argued in their Brief in Opposition that the lower courts correctly applied the well-settled Rule 23 "rigorous analysis" standard, evaluating competing expert evidence while properly declining to resolve merits disputes reserved for the jury. According to respondents, there was no circuit split, as all courts of appeals applied the same framework requiring scrutiny, but not resolution, of the ultimate persuasiveness of expert testimony at the certification stage. The petition, they contended, improperly sought a rule requiring courts to decide which experts are more persuasive, conflicted with Supreme Court precedent, and presented a poor vehicle for review given the fact-bound nature of the ruling, petitioners' failure to preserve key arguments below, and their failure to challenge the district court's predominance findings (*Banc Of America Securities LLC v. City Of Philadelphia, Pennsylvania*, No. 25-639 (U.S. Mar. 13, 2026)).

Background. The case arose from allegations that major financial institutions conspired from approximately 2008 to 2015 to fix and inflate interest rates on variable-rate demand obligations (VRDOs), a type of municipal bond whose rates are periodically reset by banks acting as remarketing agents (RMAs). According to respondents, instead of competing to set the lowest possible rates, as required, petitioners coordinated base rates. They shared pricing and inventory information, resulting in supra-competitive rates that increased costs for municipal issuers.

Continue reading.

vitallaw.com

By Martin A. Steinberg, J.D.

Mar 17, 2026

Municipal Bond Issuers Are Getting Flagged For Climate Exposure.

New muni deals show high flood, heat, and water-stress scores from ICE Climate Data — signals of physical risk, not credit ratings.

What's going on here?

Some new municipal bond deals are now showing an ICE "physical climate risk" label, flagging issuers exposed to floods, extreme heat, or water stress.

What does this mean?

MT Newswires reported that several muni offerings this week carried elevated ICE Physical Climate

Risk Scores on a 0.0–5.0 scale. ICE says a component score of 3.0+ for hazards like flood, wildfire, or hurricane signals high physical risk, based on location-level modeling. Examples cited include Northern Tioga School District, Pennsylvania (Flood Score 5.0 on a $9 million deal), Breckenridge Independent School District, Texas (Extreme Heat 4.7 on $37 million), and Stanislaus Union School District, California (Water Stress 4.4 on $10 million). The key nuance is that ICE isn't an NRSRO, and it says these metrics are not credit ratings or investment advice – they're meant to describe relative physical hazard exposure.

Why should I care?

For markets: Risk pricing is getting more granular.

Muni investors already parse issuer finances and local economics, but standardized hazard scores add a new, easy-to-compare layer across deals. If more underwriters include these numbers, buyers may start demanding extra yield for high-exposure issuers, or favor bonds tied to areas with lower modeled hazard. Over time, that could widen spreads within sectors that look similar on traditional credit metrics, like school districts, but face very different physical risks.

The bigger picture: Climate data is becoming a parallel language to credit.

Credit analysis asks whether an issuer can pay, while physical-risk analytics ask what might disrupt the tax base or push costs up over decades. Once a metric becomes common in offering documents, it can shape conversations between issuers, investors, and insurers – even if it's "not a rating." The more these scores get used, the more climate resilience, adaptation spending, and land-use choices may show up as financial considerations in the muni market.

finimize.com

Raising the Limit: FINRA Amends Gift Rule (Rule 3220) - Skadden

In February 2026, the Securities and Exchange Commission (SEC) approved and the Financial Industry Regulatory Authority (FINRA) adopted amendments to FINRA Rule 3220 (Influencing of Rewarding Employees or Others), to (i) increase the gift limit, (ii) incorporate and codify certain existing FINRA guidance and interpretations, (iii) alter FINRA's approach to valuing certain gifts and (iv) create a mechanism for FINRA to provide exemptive relief. The amended rule becomes effective March 30, 2026.

The amended rule and rulemaking do not disturb the long-standing FINRA guidance that ordinary and usual business entertainment in the presence of an employee of the broker-dealer (such as an occasional meal, sporting event, theater production or comparable entertainment event) is not subject to the gift limit and is permissible, provided that the entertainment "is neither so frequent nor so extensive as to raise any question of propriety."1 The rule previously imposed a $100-per-year limit on gifts that a FINRA registered broker-dealer (or its associated persons) could provide to an individual in relation to the broker-dealer's business with that individual's employer. Key changes under the amendments are:

- **An increased gift limit to $300.** The annual gift limit has increased from $100 to $300 per person, per year, to reflect inflation. While gifts given incidental to a business entertainment event are subject to the $300 gift limit, unless exempt (as described below), the cost of the business entertainment event itself is not included in the value of the gift.

Continue reading.

Skadden Arps Slate Meagher & Flom LLP – Ki P. Hong, Charles M. Ricciardelli, Tyler Rosen, Matthew Bobys, Melissa L. Miles, Theodore R. Grodek, Kirin Gupta, Lucy Kalar, Pavla Ovtchinnikova, Sam Rothbloom and Alexa O. Santry

March 10, 2026

Unregistered Broker Settles SEC Charges for Selling Unregistered Securities: Norton Rose Fulbright

An unregistered broker settled SEC charges for soliciting and selling unregistered securities to investors.

According to the Order, the firm, acting directly and through a team of approximately "42 sales agents, solicited and raised at least $25.2 million from over 1,200 investors" during the relevant period. The SEC found the firm sold these investors "Merchant Cash Advance Agreements," promising that the funds "would be used to make small business loans" and would yield 10% monthly returns alongside the return of the principal investment. The SEC found the broker received transaction-based compensation in the form of commissions for these sales despite not being registered as a broker-dealer.

The SEC found the firm violated Securities Act Sections 5(a) ("Sale or delivery after sale of unregistered securities") and 5(c) ("Necessity of filing registration statement") and Exchange Act Section 15(a)(1) ("Registration and regulation of brokers and dealers").

The firm was permanently barred from associating with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization.

March 10 2026

MSRB Monthly Municipal Market Trading Summary through February, 2026.

View the MSRB report.

Kennedy Introduces Reform Bill to Bolster Standards, Oversight at Bond Market Regulator.

WASHINGTON – Sen. John Kennedy (R-La.), a member of the Senate Banking Committee, introduced the Municipal Securities Rulemaking Board (MSRB) Reform Act, which would improve Board standards and put in place good-government reforms at one of the United States' most important securities regulators.

"The MSRB oversees a municipal securities market that is worth trillions of dollars in

public projects. It's supposed to represent the consumer. Instead, it's an insider's club. It's more incestuous than King Tut's family. Public seats on the board shouldn't be filled by executives who just quit their Wall Street jobs. These reforms are long overdue," said Kennedy.

The MSRB regulates the municipal bond market, which finances airports, roads and other public works. The fifteen-member board includes eight members belonging to the public sector and seven members representing the private sector.

With little oversight from the Securities and Exchange Commission (SEC) and Congress, the MSRB currently sets and approves its own budget, including the size of its members' paychecks. This lack of oversight has led to brazen abuses from members of the Board, with its President and Chief Executive Officer being paid more than $700,000 in 2024.

While the MSRB and SEC have made internal steps toward reform, Congress has failed to take permanent action.

Kennedy's bill would codify several internal changes taken by the MSRB and require a stricter oversight role for the SEC. Changes that the MSRB Reform Act imposes include:

- A policy that the Board's public sector representation be no less than five years removed from their association with a private municipal securities entity.
- A requirement that the SEC approve members of the MSRB committee and cap compensation for the Board.
- A stipulation that the number of Board members be permanently set at 15, with the majority of members representing regulated parties.

The American Securities Association (ASA) supports Kennedy's bill.

"ASA applauds Sen. Kennedy's MSRB Reform Act because it brings much-needed transparency and accountability to the MSRB's governance process. Reforming the MSRB's board will benefit investors by freeing our public finance markets from conflicted individuals pushing political anti-market agendas," said ASA President and CEO Chris Iacovella.

View the MSRB Reform Act here.

Mar 02 2026

MSRB Finds Structural Shifts Amid Declining Dealer Participation: Norton Rose Fulbright

In a new report, the MSRB concluded that the decline in the number of municipal securities dealers since 2016 has not resulted in materially increased market concentration, but instead reflects changes in trading structure and activity.

In its report, the MSRB found a decline in the total number of participating dealers executing customer trades in the municipal market. The MSRB said this contraction was driven primarily by the exit of firms with minimal trading activity, rather than the departure of major liquidity providers. The MSRB stated that the remaining dealers "have become much more active," with the proportion

of dealers handling significant trading volume—both in terms of trade count and total par amount—increasing substantially over the past decade.

The MSRB found that dealer concentration by par amount traded has become slightly less concentrated among the largest dealers in recent years, returning to near 2016 levels after peaking in 2020. The MSRB said this shift reflects a change in the composition of trading activity, as par volume increasingly moved away from block-size trades toward smaller trade sizes driven by retail investors, separately managed accounts, and exchange-traded funds. The MSRB noted that the market share left by Citigroup's early 2024 exit from the municipal securities business was absorbed by a broad range of dealers, including smaller firms, rather than being captured exclusively by the largest participants.

The MSRB also found that dealer concentration based on the number of trades executed followed an opposite pattern, experiencing a steady increase since 2020. The MSRB said this increased concentration in trade execution coincides with broader market developments, including: (i) a significantly larger presence of alternative trading systems, which accounted for 21 percent of all customer trades in 2025; (ii) elevated odd-lot trading activity; and (iii) the continued electronification of the municipal securities market.

Norton Rose Fulbright US LLP

February 24 2026

GASB Proposes Guidance to Assist Stakeholders with Application of Statement No. 103, Financial Reporting Model Improvements.

Norwalk, CT, February 25, 2026—The Governmental Accounting Standards Board (GASB) issued a proposed Implementation Guide today containing questions and answers intended to clarify, explain, or elaborate on the requirements related to subsidies in Statement No. 103, *Financial Reporting Model Improvements*.

The proposed implementation guidance on Financial Reporting Model Improvements—Subsidies contains eight new questions and answers that address the application of GASB requirements under Statement 103 related to subsidies. The proposed guide also includes amendments to Question 4.5 in Implementation Guide No. 2025-1, *Implementation Guidance Update—2025*, also related to subsidies.

The GASB periodically issues new and updated guidance to assist state and local governments in applying generally accepted accounting principles (GAAP) to specific facts and circumstances that they encounter. The guidance is developed based on:

- Application issues raised during due process on GASB pronouncements;
- Questions the staff receives throughout the year; and
- Topics identified by members of the Governmental Accounting Standards Advisory Council and other stakeholders.

The guidance in Implementation Guides is cleared by the Board and constitutes Category B GAAP, which is authoritative.

Stakeholders are asked to review the proposal and provide input to the GASB by April 27, 2026.

Comments may be submitted either in writing and addressed to the Director of Research and Technical Activities, who may be emailed at director@gasb.org, or through an electronic input form.

Explained: The ICMA's Climate Transition Bond Guidelines

The International Capital Market Association (ICMA) has released the Climate Transition Bond Guidelines, which is a framework for sustainable investment

The International Capital Market Association (ICMA) has released its Climate Transition Bond Guidelines (CTBG) – a framework designed to expedite the flow of capital towards energy-intensive sectors that are undergoing transformation.

While green bonds have traditionally been effective at channelling funding into technologies like EVs and renewables, many high-emitting sectors remain locked in older energy systems.

Heavy industries like steel, cement, chemicals and transport still account for roughly 40% of global greenhouse gas emissions, yet have historically faced barriers to accessing the sustainable bond market at scale.

Continue reading.

energydigital.com

By James Darley

February 18, 2026

SEC Strikes Again, Targeting a Municipal Securities Advisor through Unconstitutional Agency Hearings.

This week, Matthias O'Meara and Choice Advisors, LLC filed an appeal with the Tenth Circuit Court of Appeals, seeking restoration of their right to be heard by an independent judge and jury.

O'Meara founded Choice Advisors to help charter schools raise money by issuing bonds. The company's first two clients launched successful bond issuances, and the clients testified that the financings could not have been done without O'Meara. But the Securities and Exchange Commission (SEC) alleged that these transactions took place before O'Meara and Choice Advisors had completed their registration as municipal-securities advisors.

The agency sued them in federal court in California, which ultimately found O'Meara and Choice Advisors at fault. The SEC could have asked the judge to ban O'Meara and Choice Advisors from the municipal-securities industry—even though their clients were more than satisfied and even though the SEC didn't even allege investor loss. But instead, the SEC decided to take the industry-ban issue in-house.

Continue reading.

PACIFIC LEGAL FOUNDATION

By RACHEL CULVER

February 17, 2026

MSRB: Dealer Participation and Concentration in Municipal Securities Trading

View the MSRB report.

Feb 23, 2026

2025 MSRB Factbook.

Read the MSRB Factbook.

FAQs: Meeting the 2026 ARPA SLFRF Reporting Deadline

As the April 30, 2026 annual reporting deadline for American Rescue Plan Act's (ARPA) State and Local Fiscal Recovery Funds (SLFRF) approaches, many local governments have questions about the report and how to best prepare. Below, we provide answers to some of the most frequently asked questions (FAQs).

I'm trying to make sure I'm prepared for the 2026 annual report. Any tips?

- Ensure your SAM.gov registration is still active. Reminder: it must be renewed annually.
- Confirm that you can login to your SLFRF reporting portal.
- Verify that the Point of Contact information listed in the portal for your community is correct. This will ensure that Treasury outreach, including questions about submitted reports, will reach the right person.
- Ensure that you understand the status of your SLFRF projects, including project expenditures for the reporting period (April 1, 2025 – March 31, 2026).

Continue reading.

National League of Cities

by Dante Moreno

February 9, 2026

Execution over Allocation: Closing the Delivery Gap - Orrick / Bond Buyer Op-

Ed

Joshua Bonney shares insights in an op-ed in The Bond Buyer addressing three interconnected challenges to project delivery that municipal and infrastructure markets now face—escalating costs, regulatory bottlenecks, and imminent federal funding deadlines. To navigate these pressures, market participants should prioritize delivery-model flexibility, regulatory compliance management, and targeted risk allocation. As 2026 arrives, a new narrative is emerging, shifting the focus from securing funding allocations to securing project completion.

Key takeaways below:

1. Time-cost asymmetry creates a leverage trap. Projects scoped and budgeted in the early-cycle cost curve of an assumed transitory inflation period are experiencing budgetary shortfalls. Construction costs have not mean-reverted; they have reset at levels well above historical baselines. The resulting funding gap forces owners to incur additional debt, weakening credit fundamentals, widening credit spreads, and reducing leverage capacity. Each new layer of debt amplifies these adverse effects, forming a self-reinforcing leverage trap that raises the cost of capital, compresses project margins, and limits the value generated from each dollar of investment.

2. Regulatory compliance is a critical path constraint. Regulatory compliance—including Build America, Buy America (BABA)—is already contributing to delays, inflating costs, and disrupting supply chains for construction projects. For manufactured products, BABA requires that the product is manufactured in the United States and that the cost of components mined, produced, or manufactured in the United States exceeds 55 percent of the total cost of all components—a threshold that forces earlier sourcing decisions and sharper pricing discipline. Proactive owners are prequalifying domestic suppliers and pricing BABA compliance into procurement plans. Those that don't risk losing time, margin, and funding eligibility.

3. Statutory deadlines create both urgency and contingent liability risk. Absent successor legislation, the Infrastructure Investment and Jobs Act authorizations expire on September 30, 2026. While valid obligations preserve these authorized funds beyond the statutory sunset, strict deadlines apply to obligation—the point at which a legal commitment creates an enforceable liability against available appropriated funds. Unobligated balances risk becoming stranded—and investors may increasingly view these awards as contingent liabilities rather than assets.

4. Bid shock forces a pivot to alternative delivery models. Throughout 2025, many owners experienced bids that exceeded allocated funding, and this trend is expected to persist in 2026. Owners may need to pivot toward alternative delivery models—such as progressive design-build—that allow early contractor engagement to optimize design and cost within funding constraints.

5. Winners will be decided on their ability to execute. The market will divide into winners and losers based on execution capability. The winners will proactively engage stakeholders, innovate in procurement to secure superior pricing, attract tier one counterparties, and maintain cost-effective access to capital markets. Their success will come down not to grants secured, but to infrastructure delivered.

Read the full article. (Subscription required.)

February.11.2026

Hot Topics in Municipal Bonds and Public Finance for 2026: McGuireWoods

Municipal issuers entered 2026 navigating a complex mix of policy priorities, market dynamics and operational risks. Three themes stand out across jurisdictions and sectors: accelerating the delivery of affordable housing through scalable financing models; managing arbitrage exposure due to the rate environment of the early 2020s; and strengthening cybersecurity readiness and disclosure practices amid persistent threat activity. Public finance professionals and capital markets participants should keep some practical considerations in mind.

Affordable Housing: Scaling Impact Through Programmatic Finance

Affordable housing remains a top priority for cities and states as supply-demand imbalances, construction cost inflation and demographic shifts exacerbate affordability pressures. Meeting these challenges requires programmatic, multitool financing approaches that move beyond stand-alone projects to large portfolios of projects.

Baltimore provides a powerful example of how to finance affordable housing at-scale through a tax increment financing program that can be adapted by other jurisdictions. In 2023, Mayor Brandon Scott launched Reframe Baltimore, a 15-year, $3 billion vacancy reduction initiative to convert vacant and blighted properties into affordable homes, expand homeownership opportunities and revitalize communities. The tax increment financing (TIF) district legislation drafted by the firm to support the bonds encompasses approximately 8,500 properties across 190 neighborhoods. The financing uses TIF bond proceeds to fund grants to homeowners, for nonprofit community entities, and small for-profit developers to renovate vacant units. Grants are expected to average $75,000 per property, enabling a comprehensive, citywide vacancy reduction and community redevelopment program. By channeling TIF bond proceeds directly into rehabilitation grants, Baltimore can catalyze private investment, accelerate the return of properties to productive use and broaden access to quality affordable housing.

Continue reading.

February 10, 2026

MSRB Rule D-15 Defining the Term Sophisticated Municipal Market Professional: SIFMA Comment Letter

Summary

SIFMA provided comments to the Municipal Securities Rulemaking Board (MSRB) on MSRB Notice 2025-082, and applauds the MSRB’s goal to modernize the rules while continuing to provide appropriate municipal entity and investor protections without placing undue compliance burdens on regulated entities.

Excerpt

SIFMA appreciates this opportunity to provide input on MSRB Notice 2025-08 2 , and applauds the

MSRB's goal to modernize the rules while continuing to provide appropriate municipal entity and investor protections without placing undue compliance burdens on regulated entities.

In furtherance of this goal:

- Qualifying municipal entities can determine whether to certify as an SMMP to take advantage of certain broker-dealer trading services and are not required to do so.
- MSRB should reject the proposed new threshold for SMMP qualification for municipal entity customers.
- MSRB should approve the removal of the customer affirmation requirement to qualify for SMMP status for all Registered Investment Advisers ("RIAs").

Continue reading.

February 2, 2026

Regulators Keeping an Eye on Post-Pricing Bond Trade Ups.

Regulators' focus on whether municipal market participants are fulfilling their fiduciary duty during primary market bond sales is partly driven by the issue of bonds trading up in price immediately after a negotiated deal compared to a competitive deal.

That's according to Dave Sanchez, director of the Securities and Exchange Commission's Office of Municipal Securities, and Gene Davis, a regulator with the Financial Industry Regulatory Authority. The duo highlighted the issue Thursday during a two-day compliance outreach program for municipal advisors and municipal securities dealers hosted by the SEC, FINRA and the Municipal Securities Rulemaking Board.

"We're looking at the difference in pricing between competitive and negotiated [deals] and what's happening post-pricing," Sanchez said. "There's enough there to be concerning [that] some folks aren't doing the job they should be doing, particularly on the municipal advisor side," he said.

The issue is part of the long-standing municipal market debate over whether negotiated or competitive deals are better for bond issuers. Municipal advisors have more responsibility to the issuer in the area than broker dealers under MSRB rules.

"The activity that we're concerned about is happening more often and on a bigger level on the negotiated sale side, and that's why we have highlighted this as an issue, particularly with respect to municipal advisors," Sanchez said.

Deals priced through a conduit issuer seem to have lower trade ups compared to deals brought by a government entity, he added. "I feel like it's maybe because the conduit is paying a lot more attention to the pricing [than the government entity] and may be less likely to allow that kind of trade up," he said.

When bonds trade up – increase in price – immediately after a sale, it signals the issuer may not have received the lowest yield possible. It's important to regulators because "inefficient pricing" means issuers, and therefore taxpayers and ratepayers, are not getting the best price, Sanchez said.

"The logical question is, why did it trade up if it was priced correctly?" said FINRA's Davis. "If we

see something that traded up, we will ask, what happened here?" he said. "There may be a completely reasonable extenuating circumstances so that's what we want to get an understanding of."

FINRA is looking for "some movement" between preliminary pricing and the final scale if, for example, a deal is oversubscribed. "If there's not movement, that's probably where you're going to hear from an examiner," he said. The best practice is to document the pricing process and the steps taken in building a book of demand, he said.

A two or three basis points trade up is not likely to attract attention and regulators take into account larger market moves that might affect deal prices, Sanchez said. But if "you're still eight basis points off the market, it's fair for people to be skeptical of that," he said.

The growth of technology and artificial intelligence in the market is shedding more light on the issue, Sanchez said.

"It's way easier to track pricing now," he said. "Regulators are going to be using that information to start the conversation, so people should not be surprised that it's happening."

By Caitlin Devitt

BY SourceMedia | MUNICIPAL | 01/23/26 02:11 PM EST

Munis Are Getting A Climate Risk Check From ICE Data.

ICE Climate Data flagged several municipal bond deals for elevated flood and wildfire exposure, though it says the scores are not credit ratings or investment advice.

What's going on here?

Some municipal bond deals are getting extra pre-sale scrutiny after ICE Climate Data flagged elevated exposure to floods, wildfires, and hurricanes using its new risk scores.

What does this mean?

ICE's Climate Risk Score runs from 0.0 to 5.0 and rolls up modeled physical hazards, with 3.0+ labeled "high" risk. This week, several new muni offerings landed above that line, including Virginia Beach's flood score (4.2), Finney County, Kansas' flood score (4.0), San Diego County's wildfire score (3.5), and overall scores like Volusia County, Florida (4.6) and Port Neches–Groves ISD, Texas (4.3). The point isn't to replace credit ratings: ICE says the metrics aren't NRSRO ratings or assessments of creditworthiness. But by putting a comparable number next to an issuer's location, the data can surface questions about infrastructure, insurance, and how quickly a tax base could be hit by extreme weather.

Why should I care?

For markets*: Muni pricing may get a new input.*

Munis are usually judged on budgets, tax bases, and traditional ratings. Add a standardized climate metric and investors can more easily split "similar bonds, different physical risk," potentially demanding a bit more yield from higher-scoring areas to compensate for disruption or rebuilding

costs – even if the score is not a rating.

The bigger picture*: Resilience spending could move from nice to necessary.*

Once physical risk is quantified and shows up in deal coverage, issuers may face more pressure to explain mitigation plans and long-term maintenance. Over time, that can influence what projects get financed, how insurers and lenders price exposure, and how cities defend their ability to raise revenue after major weather events.

MSRB Municipal Securities Market Trading Summary.

Read the MSRB Summary.

Feb 2, 2026

GASB Statement No. 105, Subsequent Events: What State and Local Government Financial Leaders Need to Know

On December 17, 2025, the Governmental Accounting Standards Board (GASB) released GASB Statement No. 105, *Subsequent Events* (GASB 105 or Statement), providing guidance on financial reporting for subsequent events. This article summarizes the key requirements and offers practical examples for government financial professionals.

History and Background

The Role of the GASB

The GASB was established in 1984 as an independent, private-sector organization to develop accounting and financial reporting standards for U.S. state and local governments. GASB's mission is to promote clear, consistent, and comparable financial reporting, thereby increasing transparency and accountability for public sector entities.

Why This Statement?

The GASB issued GASB 105 to improve financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. Prior guidance for subsequent events found in GASB Statement No. 56, Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards (GASB 56), as amended, was based on the AICPA's auditing standards for subsequent events. Research by the GASB identified challenges in understanding and applying GASB 56, including confusion over recognized vs. nonrecognized events and inconsistent note disclosures.

Continue reading.

bdo.com

by Sam Thompson

Assurance Technical Director

February 02, 2026

Consulting Firm Settles SEC Charges for Unregistered Municipal Advisory Activity: Norton Rose Fulbright

An education consulting firm settled SEC charges for acting as an unregistered municipal advisor when it provided advice to charter schools on the issuance of municipal securities.

According to the cease-and-desist Order, the firm provided advisory services to four charter schools in connection with municipal securities issuances that raised over $50 million. The SEC found that between May 2020 and November 2023, the firm advised clients on the structure, timing, and terms of the issuances, as well as the selection of underwriters and the affordability of debt service payments. The SEC stated that the firm's involvement extended to preparing financial projections for offering documents, advising on credit ratings, and interacting with prospective investors. The SEC found that the firm provided advice as to the specific needs and objectives of each client and charged fees for these services, but that the firm failed to register with the Commission as a municipal advisor.

As a result, the SEC charged the firm with violating SEA Section 15B(a)(1)(B) ("Municipal Securities").

The firm agreed to a cease-and-desist Order, a censure, and a civil money penalty of $30,000.

Norton Rose Fulbright US LLP

January 26 2026

Map Reveals America's Most Vulnerable Drinking Water Utilities.

Researchers at Carnegie Mellon University have developed what they describe as the first publicly accessible Drinking Water Utilities Climate Risk Index for the U.S., a tool designed to measure how prepared water systems are for worsening climate extremes.

Their findings, now published in *Communications Earth & Environment*, show significant vulnerabilities across the country—and major gaps between the risks utilities face and what they report to investors.

The study compared 1,455 medium and large drinking water utilities with the information those same utilities provide in their municipal bond disclosures. By aligning physical climate threats—such as drought, flooding and extreme heat—with the financial records used to issue debt, the researchers found that millions of Americans rely on water systems that are far more exposed to the negative impact of climate change than official documents suggest.

Continue reading.

newsweek.com

By Melissa Fleur Afshar

Jan 28, 2026

Climate Change Risk Index and Municipal Bond Disclosures of United States Drinking Water Utilities.

Abstract

Climate change increases risks to the operations and financial reliability of drinking water utilities across the United States (US). Here we develop a comparative climate risk index that includes hazard, vulnerability, and exposure components for 1455 medium and large municipal US drinking water utilities. We find that 67 million customers are serviced by utilities with higher climate risk. Drinking water utilities in the Western US have higher risk due to expected large changes in climate hazards, while utilities in the Northeast and Midwest have higher risk due to existing vulnerabilities and exposure. We use this climate risk index, along with an analysis of municipal bond official statements, to identify utilities in need of climate adaptation and resilience planning. Of the analyzed bonds, 36% were issued by high risk utilities and didn't mention climate change. This work offers recommendations for multiple decision-makers, including utility customers, bond purchasers, and government agencies.

Introduction

Drinking water utilities across the United States (US) are exposed to current and future climate change impacts that could affect their ability to provide adequate quantity and quality of water to consumers. The types of climate hazards and magnitude of anticipated changes vary among utilities, due to regional physical climatic conditions. Utilities also vary in their ability to prepare for and recover from negative effects of climate hazards, given differences in existing infrastructure systems and financial resources. Understanding how drinking water utilities are exposed and vulnerable to multiple aspects of climate change can identify gaps in climate resilience planning1. Integrated multi-component quantitative measures of drinking water utility climate exposure and vulnerability are needed to compare different climate risks facing different utilities and to inform public funding and investment strategies.

The extent to which climate change poses risks depends on the interaction of climate hazards (the climate change-induced physical events and changes that may cause loss of life, injury, or other health impacts) with the exposure (the people and assets in harm's way of those hazards) and vulnerability (the propensity of those people and assets to be adversely affected) of human and natural systems2,3. Most current publicly-available climate service tools do not consider exposure and vulnerability in measures of climate risk, resulting in ineffective assessments of how prepared a system is to manage climate hazards4.

Continue reading.

Nature.com

by Zia J. Lyle, Jeanne M. VanBriesen & Constantine Samaras

26 January 2026

MSRB Advances Rule Modernization and Market Transparency Initiatives and Discusses Strategic Plan at Quarterly Board Meeting.

Washington, D.C. – The Municipal Securities Rulemaking Board (MSRB) met on January 28-29, 2026, holding its second quarterly meeting of fiscal year 2026. MSRB's Board covered topics including the retrospective rule review and harmonization processes, market transparency initiatives and forthcoming FY 2026-2030 strategic plan.

"MSRB is committed to ensuring our regulatory framework keeps pace with an evolving market," said MSRB Board Chair Natasha A. Holiday. "We will continue actively engaging market participants as we work to align our rules with current market practices, enhance the quality of our data and modernize our market transparency systems in serving our congressional mandate to protect investors, issuers and the public interest."

Market Regulation

The Board discussed the ongoing retrospective rule review process and regulatory matters including:

- Rule G-20: Authorized staff to harmonize Rule G-20 on gifts and gratuities with proposed amendments to FINRA Rule 3220.
- Rule G-27: Discussed potential further steps in modernizing MSRB's dealer supervision rule following MSRB's RFC.
- Rule G-12(h): Reviewed current close out practices to assess the effectiveness of existing rule requirements in this area.
- Rule G-32: Discussed current and future steps to ease compliance with Form G-32 submission requirements.
- Received a report on the forthcoming RFC to retire the use of the term "financial advisor" and discussed further steps, including sequencing of regulatory initiatives, in connection with the municipal advisor retrospective rule review.

Market Transparency and Public Accountability

The Board received several updates on market transparency and public accountability initiatives, including:

- Recently published and planned research, including the 2025 Year in Review report released earlier this month.
- A review of MSRB's 2025 Annual Report, which was released last week.
- Continued work on the forthcoming new version of the Electronic Municipal Market Access (EMMA) website.
- A demonstration of the modernized data repository that underpins EMMA and other MSRB data collection and dissemination systems.

Strategic Plan

The Board reviewed MSRB's draft FY 2026-2030 strategic plan and the feedback provided by stakeholders on MSRB's objectives of regulatory modernization, market transparency and public accountability. The Board expects to adopt the strategic plan later this spring.

Date: January 29, 2026

Contact:
Aleis Stokes, Chief External Relations Officer
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MSRB 2025 Annual Report.

MSRB's annual report for the 2025 fiscal year provides an overview of the organization's regulatory initiatives, operational performance, and financial position. The report highlights MSRB's key accomplishments and stakeholder outreach efforts during the year, including its 50th anniversary celebration.

> "Advancing fairness and efficiency in the $4 trillion municipal market requires more than MSRB's efforts alone. It's through ongoing engagement and a dynamic feedback loop with our stakeholders that we strengthen both the market and the communities it serves."
>
> *Natasha A. Holiday, Board Chair*
> *Mark Kim, Chief Executive Officer*

The report discusses MSRB's ongoing efforts to enhance market transparency, streamline regulation, and engage stakeholders in promoting a fair and efficient municipal securities market. Included in the report are MSRB's audited financial statements for the fiscal year that ended September 30, 2025, which provide transparency on how the organization manages its resources and financial reserves.

Modernizing Market Regulation

- ***Trade Reporting***: MSRB rescinded the not yet effective amendments to Rule G-14 requiring trades to be reported within one minute, retaining the 15-minute reporting standard but amending the rule to require dealers to report trades "as soon as practicable."
- ***Retrospective Rule Review***: MSRB maintained its focus on retrospective rule reviews to ensure its rules are achieving their intended purposes and don't create unnecessary burdens, launching five major reviews of existing rules.

Enhancing Market Transparency

- MSRB continued its technology system modernization initiative. The new EMMA, which MSRB expects to launch in 2026, will offer a modern look and feel, easier navigation, a customizable dashboard, enhanced search tools, and new data, including obligor information for the first time in MSRB history.

Advancing the Public Trust

- MSRB held robust discussions with stakeholders on key topics including the new EMMA, the FY2026 budget and a new multi-year rate card, while also engaging proactively around its forthcoming strategic plan.
- MSRB spotlighted its 50th anniversary and its upcoming cost-saving move to a new office space.

Download the MSRB 2025 Annual Report and Audited Financial Statements

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MSRB Announces Discussion Topics for Quarterly Board Meeting.

Washington, D.C. – The Municipal Securities Rulemaking Board (MSRB) will meet on January 28-29, 2026, to hold its second quarterly meeting of fiscal year 2026. Highlights of the Board discussion will include:

Market Regulation

The Board will discuss regulatory matters and receive updates on several ongoing initiatives, including:

- Rule G-20: Gifts and Gratuities, as part of harmonization initiatives with FINRA rulemaking
- Rule G-12(h): Review of close out practices
- Updates on retrospective rule review initiatives, including current and future steps for dealer supervision, Form G-32 and municipal advisor reviews and outreach

Market Transparency and Public Accountability

The Board will receive several updates on market transparency and public accountability initiatives, including:

- Recently published and upcoming research
- Development of the modernized Electronic Municipal Market Access (EMMA) website
- Stakeholder feedback on the FY 26-30 strategic plan

Leadership Updates

Bo Daniels, former Board Chair, has been reappointed to the Board for the remainder of the fiscal year ending September 30, 2026. Daniels fills the vacancy created by the departure of Vivian Altman, who was serving as a broker-dealer representative on the Board.

MSRB is also pleased to welcome Yetunde Olumide as its Chief Financial Officer (CFO). Prior to joining MSRB, Olumide served as CFO and Executive Vice President for the Washington Metropolitan Area Transit Authority. She is an Aspen Global Leader Network (AGLN) Finance fellow and serves on the board of the Conference of Minority Transportation Officials (COMTO).

“Yetunde brings tremendous talent and municipal market experience as an issuer to her new role as our CFO, and I am delighted to welcome her to the senior leadership team,” MSRB CEO Mark Kim said. “Her proven track record in managing complex public sector organizations will strengthen MSRB’s financial operations as we advance our mission to protect investors, issuers and the public interest.”

Date: January 21, 2026

Contact:
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Hoping for Change: Remarks at the SEC Joint Compliance Outreach Program for Municipal Market Professionals

Washington D.C.

Jan. 22, 2026

Commissioner Hester M. Peirce

Good afternoon, and welcome to the second day of the Joint Compliance Outreach Program. My views are my own as a Commissioner and not necessarily those of the SEC or my fellow commissioners.

About 100 years ago, my hometown of Cleveland, Ohio, which sits on Lake Erie and is bisected by the Cuyahoga River, was grappling with the growing pains of a new century. The city had grown mightily on both sides of the river, and traffic snarled the existing thoroughfares, which only connected certain parts of the city. Rapid industrial growth had led to massive pollution in Lake Erie, which threatened Cleveland's clean water supply. Faced with these challenges, Cleveland did what municipalities do when encountering an infrastructure challenge: it issued municipal bonds and built.

To handle the traffic, Cleveland built the Hope Memorial Bridge, famous for the Art Deco statutes called the Guardians of Traffic, from which Cleveland's baseball team now draws its name.[1] To handle the water pollution, it built the Baldwin Water Treatment Plant, a groundbreaking technological achievement at the time.[2] Both structures are still standing and operating today, a testament to the importance of what is accomplished by your industry.

Over the past century, the physical structures of the Hope Bridge and Baldwin plant have been updated repeatedly in response to new technologies and innovations. While the municipal securities industry has also adopted new technologies and innovations, we must be honest: the pace of change here has often been slower than in other corners of our capital markets. Today I want to briefly touch on a potentially transformative innovation—tokenization—which is drawing a lot of interest in those other corners of our capital markets and may soon come to yours.

Tokenization offers potential benefits, including atomic settlement, facilitation of extended hours trading, and easier pledging of assets as collateral. Some of those benefits may not be relevant to municipal securities, but others, such as the ability to offer smaller minimum purchase amounts or the potential to enhance secondary market liquidity, may be highly appealing to municipal issuers or investors. As many of you likely know, the first tokenized offering of municipal securities in the United States occurred in 2024 in Quincy, Massachusetts.[3]

Wide-scale tokenization of municipal securities is not inevitable. Unique features of the municipal securities market—including its retail nature, the sheer number of issuers, and the complex interplay between state law, securities law, and tax law—may nullify some of the benefits of tokenization. Regulators are not good predictors of—let alone good drivers of— innovation. But we ought to work hard to accommodate technological change. So I want to extend an invitation: please come speak to us as the efforts involving tokenization—or any new technology—develop. Tell us when you encounter issues or rules that may be obstacles to change because they were written in an era of ink and paper, without these new technologies in mind. Ask us for clarity when needed. Do not wait until that new technology is knocking on your door. Come talk to us when you see it walking

down the street toward you.

To highlight an example of what happens when our rules languish unaffected by the changing world they govern, we need only look at the recent off-channel communications cases. During the previous administration, the Commission brought a series of enforcement actions against broker-dealers, municipal advisors, investment advisers, and nationally registered securities rating organizations, which netted billions of dollars in penalties. The SEC claimed that virtually everyone had violated our recordkeeping rules by failing to capture electronic communications like text messages or WhatsApp chats.

I had a lot of issues with these cases, and they are, in my view, a prime example of what happens when regulators fail to accommodate technological and societal changes in how humans actually interact. One of today's discussion panels concerns enforcement, and compliance with these recordkeeping obligations may be a discussion topic. Rather than forcing our registrants to try to figure out how to comply with rules written for a different world, the SEC should work with industry to modernize these rules for all affected entities with a sensible pragmatism. The Commission, firms, investors, and other market participants are all better off when our rule books reflect the realities of the world in which we live.

Thank you again. I hope you have a fascinating and productive discussion today.

Wells Fargo Clearing Fined $1.25M For 493 Muni Bond Trade Violations.

Wells Fargo Clearing Services agreed to pay a $1.25 million fine and accept a censure from the Financial Industry Regulatory Authority for failing to properly resolve 493 municipal securities trades across a seven-year stretch, according to a settlement letter released last week.

According to the letter, Wells Fargo Clearing Services, a broker-dealer subsidiary of Wells Fargo, failed to close out hundreds of inter-dealer municipal bond transactions on time and did not promptly obtain possession or control of customer securities tied to those trades.

The violations spanned more than seven years, from November 2016 through November 2023, and involved $14.4 million in municipal securities.

The clearing service neglected to cancel or close out 209 failed inter-dealer transactions in municipal securities totaling approximately $6.5 million, the letter said. During the same period, Wells Fargo also failed to timely deliver 106 municipal securities totaling about $3.8 million.

"We are pleased to resolve this matter," said Meghan McDonald, Wells Fargo's lead communications consultant in wealth and investments, adding that the firm updated the relevant supervisory procedures when the deficiencies were discovered.

Broker-dealers are required to cancel or close out failed inter-dealer municipal securities transactions within a maximum of 20 calendar days after settlement, including any permitted extensions, the letter said. The rule is designed to reduce systemic risk and prevent unresolved trades from lingering on firms' books.

Roughly half of the firm's failed trades remained unresolved for more than 50 days, well beyond the regulatory limit.

As part of the settlement, Wells Fargo consented to the findings without admitting or denying the allegations. The $1.25 million penalty includes $937,500 tied to violations of MSRB Rules G-12 and G-27, which governs supervisory systems.

Although firms do have several options to close out failed trades—including buy-ins, substitutions with comparable securities, or repurchase transactions—Finra said Wells Fargo relied primarily on repeated buy-in attempts even when those attempts were unsuccessful and unlikely to resolve the positions within the required timeframe.

In addition to the close-out failures, the authority said the firm violated customer protection rules by failing to promptly obtain physical possession or control of municipal securities when customer accounts were left “short” due to failed trades.

From 2016 through 2023, Wells Fargo failed to take timely steps to obtain possession or control of 178 municipal securities positions totaling approximately $4.1 million that had remained unsettled for more than 30 calendar days, according to the settlement letter.

Finra also cited supervisory breakdowns as a key factor in the violations. The firm failed to establish and maintain a supervisory system, including written supervisory procedures, reasonably designed to ensure compliance with municipal close-out rules and customer protection requirements.

Specifically, Wells Fargo’s written procedures did not provide adequate guidance on available close-out options or effectively track whether failed inter-dealer transactions were being resolved on time.

The deficiencies were uncovered during a routine Finra examination of the firm, the letter said

The letter said Wells Fargo updated its systems and revised its written supervisory procedures in December 2023 to address municipal trade fails and document the changes.

fa-mag.com

January 12, 2026 • Jennifer Lea Reed

Some New Muni Bonds Come With Big Climate-Hazard Exposure.

ICE Climate Data flagged several issuers this week for high flood, wildfire, or overall physical climate risk — a reminder that location-specific hazards can matter for bond investors.

What’s going on here?

New municipal bond deals are coming to market with unusually high climate-hazard exposure, based on ICE Climate Data cited by MT Newswires.

What does this mean?

ICE labels “high” physical climate risk when its hazard score hits 3.0+ on a 0.0–5.0 scale, combining flood, wildfire, and hurricane models into a composite score. This week, some issuers cleared that bar: Bourne, Massachusetts priced about $17 million with a Flood Score of 4.7, and York, Maine sold roughly $14 million with a Flood Score of 4.4. California’s Aromas-San Juan Unified School District issued about $25 million with a Wildfire Score of 3.7, while Texas issuers Sunrise Beach Village ($12

million) and San Diego Independent School District ($5 million) showed total Climate Risk Scores of 4.0. For muni investors, that's a reminder that "where" matters – physical hazards can hit property values, shrink tax bases, and raise long-run infrastructure costs.

Why should I care?

For markets: ***Measurable risk has a way of showing up in yields.***

Munis are often treated as steady, but climate analytics give investors a more consistent way to compare location-driven exposure across issuers. When new deals come with flood or wildfire scores in the 4s, buyers may push for tighter disclosures and resilience plans, or demand extra yield to offset uncertainty – especially for smaller issuers with less financial flexibility.

Zooming out: ***Climate risk is turning into a finance input, not just an ESG label.***

ICE's metrics aren't credit ratings, but they can still signal where future spending pressure might land – from flood defenses to wildfire mitigation and storm repairs. As standardized scores show up earlier in the issuance process, they could influence what projects get funded, how they're designed, and how investors think about an issuer's ability to keep collecting revenue over decades.

Finimize.com

SEC Focuses on VRDO Rate-Resetting Process Amid Ongoing Lawsuits Against Banks.

The Securities and Exchange Commission will review broker-dealers' process for resetting interest rates on variable-rate demand bonds as part of its 2026 examination priorities as the issue has gained attention last year from lawsuits alleging fraudulent practices by Wall Street rate-resetters.

The SEC's Fiscal Year 2026 Examination Priorities includes "the rates reset process on variable rate demand obligations," under its focus on broker-dealer practices in municipal securities.

It's the first time the regulator has named VRDO rate-resetting practices as an area of review.

The focus comes as the long-standing, state-level False Claims Act lawsuits brought by Minnesota-based municipal advisor Johan Rosenberg continue to wind their way through the courts. The lawsuits in California, New York and New Jersey accuse top Wall Street banks' of rigging the interest rates on their VRDOs. The New York case last year analyzed the banks' rate-setting practice over the course of a two-day hearing. An Illinois case was settled in October 2023 for $70 million.

"It wouldn't surprise me if that litigation colored the SEC's choice about including this as an exam priority," said Michael Decker, senior vice president for research and public policy at the Bond Dealers of America.

"My guess is that it's that litigation, and the statements and actions around that litigation, that have motivated the SEC."

An SEC spokesperson confirmed that the VRDO rate reset process was not included in previous published annual priorities.

“In developing the examination priorities, the Division of Examinations considers multiple sources of information, including information received from other commission divisions and offices and prior examinations, to identify the areas we believe exhibit the highest risks to investors and the markets or are trending in that direction,” the spokesperson said.

Rosenberg filed the complaints under the name of a Delaware-incorporated entity called Edelweiss Fund LLC. Edelweiss sued on behalf of the states and their entities that issued variable-rate debt and entered into contracts with banks as remarketing agents and liquidity providers.

Edelweiss accuses the banks of conspiring to keep VRDO interest rates high in a “robo-resetting” scheme so investors would not exercise their rights to tender the VRDOs back to the banks serving as remarketing agents, thus allowing the banks to collect fees for serving as RMAs and for providing letter of credit services for a fee without having to actually remarket the bonds.

A two-day hearing in the New York case last March dug deep into banks’ rate-resetting process with Judge Andrew Borrok peppering attorneys from both sides with dozens of specific questions about how their rate-resetting processes worked. Borrok in April rejected the bank’s motion for dismissal in a strongly worded 44-page opinion that lambasted many of the banks’ arguments.

The banks’ appeal of that ruling is set to be heard on Feb. 21. The Superior Court of San Francisco County will hear oral arguments on summary judgments in the California case on Feb. 19. The New Jersey Supreme Court has agreed to hear an appeal – likely in the spring – of a lower court’s decision that granted summary judgment to the banks.

The amount of VRDOs in the municipal bond market has fallen dramatically since 2008 but firms that provide rate-resetting practices are serious about compliance, Decker said.

“Most firms take the process seriously, and especially since the lawsuit has been filed and as it has progressed incrementally in the plaintiff’s favor,” he said. “We always pay attention to what the SEC is focused on,” Decker said. “For the firms that do VRDO remarketing work, this compliance around that process was probably top of mind anyway.”

By Caitlin Devitt

BY SourceMedia | MUNICIPAL | 01/09/26 11:15 AM EST

The Effect of Environmental Regulations on Municipal Bonds.

Air pollution regulations in the United States are intended to protect public health, but a new study has found that they also carry an unexpected cost: higher interest rates on the bonds used by counties to fund schools, hospitals, and infrastructure. When a county falls out of compliance with the ozone standards set by the U.S. Environmental Protection Agency (EPA), borrowing becomes costly. As a result, the municipality faces higher costs to fund public infrastructure like schools, hospitals, and roads.

The study, published in Management Science, was conducted by Akshaya Jha, assistant professor of economics and public policy at Carnegie Mellon’s Heinz College of Information Systems and Public Policy. Nicholas Z. Muller of Carnegie Mellon’s Tepper School of Business and Stephen A. Karolyi of George Mason University’s Costello College of Business coauthored the study; Karolyi previously taught at Carnegie Mellon.

“In our work, we present two findings on how uncertainty in environmental policy affects municipal bond returns,” explains Jha. “We found evidence that ties these short-run municipal bond market reactions to long-term changes in pollution and housing prices. Our findings suggest that increases in either regulatory stringency or uncertainty over future environmental policy boost the cost of municipal debt raised to fund schools, hospitals, and critical infrastructure.”

Counties that are noncompliant with the Clean Air Act, which sets thresholds for pollutants like ozone, face repercussions. Past research has found that federal standards produce considerable health benefits relative to the costs of complying. But for municipal bonds investors, this raises two concerns: a higher risk of default as a result of strained county finances and uncertainty over how regulations will change.

In their study, researchers considered announcements related to when the EPA proposes and finalizes new standards for ozone and when the agency releases its annual list of counties that are in or out of attainment. These announcements produce information shocks, which provide an opportunity to track how bond markets update their expectations.

In this study, researchers analyzed more than 140 million trades between 2005 and 2019, measuring changes in municipal bond yields around these types of announcements. Among their findings:

- When new standards were proposed, yields increased 1% to 4%, reflecting a rise in investor-perceived uncertainty.
- Once the EPA announced the final standard, the estimated yields declined approximately 0.5% to 1.3% as a result of a corresponding decrease in uncertainty.
- Based on an analysis of the EPA’s annual compliance announcements, counties that slipped into nonattainment saw yields rise nearly 1% more than counties that maintained their status or newly achieved attainment.The study has significant implications for policymakers, local officials, and investors, say the authors. For policymakers and local officials, the findings highlight the repercussions of environmental regulations for public finance. For investors, the results suggest that traditionally safe assets like municipal bonds are sensitive to risks associated with environmental policy.

The authors plan to continue their work, focusing on areas in which environmental rules affect local finance, such as commercial real estate.

“By examining how financial markets respond to environmental regulation, we hope to shed light on the hidden economic tradeoffs and potential unintended consequences of well-intentioned policies,” says Nicholas Z. Muller, Lester and Judith Lave Professor of Economics, Engineering, and Public Policy at Carnegie Mellon’s Tepper School of Business. “While past studies have shown that more stringent air quality standards have generated billions of dollars in public health improvements, our work shows that these benefits occur partly as a result of investors anticipating the effects of standards and the costs of noncompliance.”

by Carnegie Mellon University’s Heinz College

edited by Andrew Zinin

January 10, 2026

MSRB Seeks Comment on Draft Amendments to MSRB Rule G-27 on Dealer Supervision.

Washington, D.C. – The Municipal Securities Rulemaking Board (MSRB) today published a request for comment (RFC) on draft amendments to MSRB Rule G-27 as part of its ongoing retrospective rule review of the supervisory obligations of dealers in the municipal securities market.

The RFC is the first step in MSRB's review of supervisory obligations in response to the evolution of business practices since the rule was last substantially reviewed and revised. MSRB also plans to engage in a series of industry outreach initiatives this year as part of its ongoing engagement efforts to address dealer requests for greater flexibility and modernization of the supervisory framework. Similarly, MSRB remains committed to working with fellow regulators to ensure regulatory consistency across fixed-income markets.

"We recognize that technological advancements have evolved market practices and workplaces with respect to remote supervision," MSRB Board Chair Natasha Holiday said. "The market is better served when there is a clear understanding of how to interpret the rules of the road and when the regulatory framework reflects current market practices."

The draft amendments to Rule G-27 seek to add clarity to the term "structuring of public offerings or private placements" within the definition of "office of municipal supervisory jurisdiction," and to increase the 30-business day per year exclusion from the municipal branch office registration for locations other than a primary residence.

In addition to the proposed amendments, MSRB's RFC seeks comments more broadly on additional areas of Rule G-27 that should be included in MSRB's retrospective rule review, including what aspects of the rule MSRB should focus on that would be most relevant to how dealers engage in business today and into the future.

The proposed amendments would not alter dealers' existing regulatory obligations to establish and maintain reasonably designed supervisory systems, as well as compliance policies and procedures that are effectively implemented, updated, and enforced.

Responses to this RFC are due March 16.

For additional details, read the Request for Comment.

Date: January 14, 2026

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MSRB Notice: Designation Information Regarding Mandatory Participation in Business Continuity and Disaster Recovery Testing

Read the MSRB Notice.

1/16/26

MSRB 2025 Municipal Market Year in Review.

MSRB's 2025 Municipal Market Year in Review report, podcast and webinar analyze key developments in the municipal securities market in 2025, an extraordinary year for the market on many levels, discussing yields, trading volume, new issuance, and mutual fund and ETF flows. They compare 2025 to 2021, a record low year for trading volumes, and reveal some fundamental shifts in the market over the past five years as it has become increasingly electronic.

- **Report** — Read our full report on the municipal securities market in 2025 (pdf).
- **Webinar** — Watch MSRB Chief Market Structure Officer John Bagley discuss the report in depth (online).
- **Presentation** — Download the webinar slides (pdf).
- **Podcast** — Listen to MSRB Chief Market Structure Officer John Bagley discuss the report's key findings (online and via podcast apps).

MSRB: Fundamental Shifts in Muni Market are 'New Normal.'

Last year's record high trading activity, both by volume and par amount, marks a fundamental shift in the municipal bond market that's here to stay.

That's according to Municipal Securities Rulemaking Board officials, who made the comments Thursday during the group's first year-in-review webinar on the heels of what CEO Mark Kim called "an extraordinary year."

Last year notched a second straight record for primary market issuance, at $580 billion, as "more state and local governments issued more municipal bonds to finance more public infrastructure than at any other period in the history of this market," Kim said. Issuers' borrowing needs are unlikely to abate this year, the group said.

In the secondary market, trading volume hit all-time highs, both by the number of trades and by total par traded. Both represent "double-digit increases" over 2024, Kim said. Last year marked the fourth consecutive year of record trade count, the MSRB said.

"This is a very exciting time for us to be in the municipal securities market," Kim said. "We do not believe that 2025 is a one-off year and these historic levels of market activity will return to their historic averages," he said. "We believe 2026 will see a continuation of these multi-year trends … and represent a fundamental shift in the structure of the municipal securities market being driven primarily by the electronification of our market."

More money is pouring into separately managed accounts and investors are turning to exchange traded funds, especially during periods of volatility, as was seen last April during "Liberation Day" market turmoil. Alternative trading systems executed more than one in five customer trades, MSRB said.

ETFs saw record net inflows last year – reaching $46 billion in 2025 compared to $17.4 billion in 2024. Since 2022, tax-exempt ETFs have seen net inflows of about $106 billion, while tax-exempt mutual funds have seen net outflows of more than $122 billion, the MSRB said.

More than 50% of all interdealer trades last year were routed through electronic trading exchanges,

the MSRB said, which Kim called “a tipping point.” The volume of live quotes and bid-wanteds saw significant increases.

The market changes have been underway for the past five to seven years, said MSRB chief market structure officer John Bagley. “The electronification of the market is upon us, both the buy and sell side,” Bagley said.

Institutional investors are increasingly adopting electronic and algorithmic trading, the MSRB said. When a firm adopts algorithmic trading, “their trade count goes up like a hockey stick,” Bagley said.

There were 17.6 million trades in 2025, up 22% from 2024. Par amount traded in fixed-rate securities was up 14% compared to 2024 and 59% compared to 2021, and total par amount (including variable-rate securities) was the largest since 2008, the group said.

There’s also been a “dramatic increase” in odd-lot trading with the average trade size coming down over the last five or six years, Bagley said.

“This is not a bad thing,” he said. “It’s consistent with the market becoming electronic and more participants willing to buy odd-lots,” which are under $100,000. The trend accounts for why trade volume exceeded par amount, he added.

In a report released this week, the MSRB said it expects 2026 to mark another year of record or near-record bond issuance. But “we are far less confident about another trade-count record,” the group said. “After the amazing increase in the past five years, it seems that trade count could decline somewhat, depending on where interest rates go in 2026.”

By Caitlin Devitt

BY SourceMedia | MUNICIPAL | 01/09/26 01:46 PM EST

Financial Accounting Foundation Board of Trustees Issue Call for Nominations for FASB Chair, GASB Chair, FASB Member, and the Foundation Board of Trustees.

Norwalk, CT, January 8, 2026 — The Financial Accounting Foundation (FAF) Board of Trustees issued a call today for nominations for the following positions: Financial Accounting Standards Board (FASB) Chair, Governmental Accounting Standards Board (GASB) Chair, a FASB Board member, and both Governmental and at-large FAF Trustees. The FAF Appointments Committee oversees recruitment for these positions, and new members are formally appointed by the FAF Board of Trustees.

FASB Chair Nominations

The current FASB Chair, Richard R. Jones, will conclude his term on June 30, 2027. The FASB Chair appointment would be a single seven-year term effective from July 1, 2027, until June 30, 2034.

Ideal candidates for the FASB chair position should possess the following critical competencies for success in the role:

- Commitment and passion for the Board’s mission. This includes an appreciation for the importance

of independent standard setting for financial accounting and reporting, recognition that high quality accounting standards are in the public interest, and an understanding of the varying interests and perspectives of investors and other users of financial information, preparers, and auditors of financial reports.
- Strong knowledge and technical competency in financial accounting and reporting with a strategic, long-term vision and focus on financial reporting and the ability to anticipate issues that may require FASB attention and focus.
- Collaborative leadership and communication skills that instill confidence and help lead organizational change in a complex environment.

GASB Chair Nominations

The current GASB Chair, Joel Black, will also conclude his term on June 30, 2027.

Similarly, the GASB Chair appointment will be for a single seven-year term, beginning July 1, 2027, through June 30, 2034.

Ideal candidates for the GASB chair position should possess the following critical competencies for success in the role:

- Commitment and passion for the Board's mission. This includes an appreciation for the importance of independent standard setting for state and local governmental accounting and reporting, recognition that high quality accounting standards are in the public interest, and an understanding of the varying interests and perspectives of investors and other users of state and local government financial information (such as citizens, legislative and oversight bodies, taxpayers, and underwriters and analysts), as well as preparers and auditors of financial reports.
- Strong knowledge and technical competency in state and local governmental accounting and reporting with a strategic, long-term vision and focus on government financial reporting, and the ability to anticipate issues that may require GASB attention and focus.
- Collaborative leadership and communication skills that instill confidence and help lead organizational change in a complex environment.

FASB Board Member Nominations

FASB Board member Marsha L. Hunt will conclude her second term on June 30, 2027. The new member of the FASB will join a Board of seven full-time members based in Norwalk, Connecticut, with a five-year term beginning July 1, 2027, and eligibility for a second five-year term. Candidates for this position should have a high degree of technical accounting experience along with an understanding of global financial reporting. They should also possess a varied background at the senior level of the financial reporting profession, with substantive experience as a preparer of financial statements for a public or private company (i.e. Chief Financial Officer or Controller). They should have a strong understanding of current technical accounting and financial reporting issues and a CPA certification will also be viewed positively.

FAF Board of Trustees Nominations

The FAF Board of Trustees is seeking one new Governmental Trustee member and several at-large member(s). The Governmental Trustee will be an individual who has experience as a financial officer or as an elected official of a state or local governmental entity and has extensive knowledge of governmental accounting and reporting. Under FAF's By-laws, Governmental Trustees have certain specific responsibilities with respect to GASB appointment matters, as well as a general duty to bring the viewpoint and perspectives of state and local governments to the Trustees' deliberations.

The at-large members are individuals with business, investment, accounting, finance, government, regulatory, higher education (specifically accounting or business), or other related experience who, in the judgment of the Board of Trustees, can contribute to advancing the mission of the Foundation. Specifically, the FAF is seeking candidates with background and experience as a Chief Investment Officer, Head of Investments, or Asset Class Head from an asset management firm, private markets firm, or asset owner. We are also seeking senior executives—such as a CEO, CFO, or similar role—from large, complex global public companies, intermediate-sized private companies, or major not-for-profit organizations, such as universities or hospitals.

Trustees serve a single, five-year term. The FAF Trustee appointments would begin January 1, 2027, and conclude on December 31, 2031.

More information on the FASB Chair position, GASB Chair position, FASB member position, and the Governmental Trustee and at-large Trustee positions of the FAF Board of Trustees can be found on our website along with information on how to apply or submit a nomination.

About the Financial Accounting Foundation

Established in 1972, the Financial Accounting Foundation (FAF) is an independent, private-sector, not-for-profit organization based in Norwalk, Connecticut. Its Board of Trustees is responsible for the oversight, administration, financing, and appointment of the Financial Accounting Standards Board (FASB) and the Governmental Accounting Standards Board (GASB).

The FASB and GASB (collectively, "the Boards") establish and improve financial accounting and reporting standards—known as Generally Accepted Accounting Principles, or GAAP—for public and private companies, not-for-profit organizations, and state and local governments in the United States. Both Boards set high-quality standards through a process that is robust, comprehensive, and inclusive. The FASB is responsible for standards for public and private companies and not-for-profit organizations, whereas the GASB is responsible for standards for state and local governments.

The Foundation's Board of Trustees comprises 14–18 members from varied backgrounds—users, preparers, and auditors of financial reports; state and local government officials; academics; and regulators. The Trustees direct the effective, efficient, and appropriate stewardship of the FASB and GASB in carrying out their complementary missions, select and appoint FASB and GASB members and their advisory councils, oversee the Boards' activities and due process, and promote and protect the independence of the Boards. For more information, visit www.accountingfoundation.org.

MSRB Announces Members of 2026 Advisory Groups.

Washington, D.C. – The Municipal Securities Rulemaking Board (MSRB) today announced the members of its 2026 advisory groups, bringing together a broad range of expertise from across the municipal securities market. A total of 31 experienced market professionals will serve on the Compliance Advisory Group (CAG) and Technology Advisory Group (TAG). Together, these groups will offer insights to inform MSRB's regulatory, compliance, and technology initiatives over the next year.

"Insight and input from market participants remain of paramount importance to MSRB and our advisory groups, which focus on specific industry topics, provide a critically important window that directly informs and shapes MSRB's work," said MSRB CEO Mark Kim. "We thank returning and new advisory group members for their commitment and look forward to collaborating with them as

we continue to advance our congressional mandate to protect investors, issuers and the public interest."

CAG, now in its ninth consecutive year, will continue to provide valuable feedback on MSRB's rulemaking and compliance initiatives to help dealers and municipal advisors navigate regulatory requirements effectively. This year, CAG comprises 14 industry professionals with a range of subject matter expertise and small to large firm perspectives including dealers, independent municipal advisors, broker-dealer municipal advisors, and an issuer representative.

Starting its second year, TAG convenes a group specifically focused on the intersection of technological innovation and regulation in the municipal securities market. TAG provides input on technology topics and assesses rapidly evolving market trends to identify opportunities and challenges.

The advisory groups meet several times throughout the year, providing expertise and insights on a range of issues that affect the municipal securities market.

Advisory group members for MSRB's 2026 fiscal year, include:

Compliance Advisory Group

New Members

- Joanna Brody, Managing Director, Short Term Municipal Underwriting, Piper Sandler & Co.
- Scott Casimiri, Director, Fixed Income Compliance, Raymond James & Associates
- Chris Elbrecht, Vice President, Investment Services and Capital Markets, SWBC Investment Services, LLC
- Jessica Fuchs, Co-Founder, Chief Experience Officer, Ampersand Public Advisors, LLC
- Walter Goldsmith, Chief Executive Officer, First Tryon Advisors, LLC
- Armand Pastine, Senior Managing Director & Head of Capital Markets, Celadon Financial Group, LLC
- Nancy Rocha, Managing Director, Investment Banking, Public Finance, Stifel, Nicolaus & Company, Inc.
- Matthew Schiavi, Managing Director, Head of Public Finance Capital Markets, FNB America Securities LLC
- Jessica Skibo, Capital Funding Debt Manager, City & County of Denver, Cash & Capital Funding Division, Department of Finance
- Daniela Terneus-Martyniak, Compliance Officer, Non-Financial Regulatory Reporting, Interactive Brokers, LLC

Returning Members

- Joanna Bowes, Managing Director, KNN Public Finance, LLC
- Robert Cox, Senior Vice President, Siebert Williams Shank & Co., LLC
- John Szwagulak, Chief Compliance Officer, Huntington Securities, Inc.
- Stacey Walter, Compliance Officer and Controller, Columbia Capital Management, LLC

Technology Advisory Group

New Members

- Mack Azzam, Vice President, Public Finance, Hilltop Securities
- Alexander Domenick, Municipal Systematic Trading, RBC Capital Markets

- Susan Joyce, Head of Municipals Trading & FI Market Structure, Fixed Income, Alliance Bernstein
- John Murphy, Director, Head of Investor Relations, PFM Financial Advisors
- Liz Sweeney, President, Nutshell Associates, LLC

Returning Members

- Vinay Dayal, Director, Finance and Treasury, Long Island Power Authority
- Matthew Gerstenfeld, Co-Founder and CEO, Munichain
- Joe Hemphill, (former) President/CEO, (former) Regional Brokers Inc.
- Chris Johnson, Head of Municipal Product, Tradeweb
- Abhishek Lodha, Director of Secondary Market FinTech Strategy, Assured Guaranty
- Dan Pecoraro, Head of Municipal Trading, Millennium Advisors, LLC
- Shawn Quant, Chief Information and Operations Officer, Piper Sandler
- Laura Slaughter, Executive Director, Municipal Advisory Council of Texas
- Tyler Traudt, Co-founder & CEO, DebtBook
- Stephen Winterstein, Head of Municipal eTrading, Bloomberg
- Nusa Znuderl, Senior Vice President, Municipal Securities Quant/Algo Trader, Jefferies

Date: January 09, 2026

Contact:
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202-838-1500
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SEC Approves MSRB's Multi-Year Rate Card.

The Securities and Exchange Commission issued an order Friday approving the Municipal Securities Rulemaking Board’s proposal for a multi-year rate card for dealers and municipal advisors.

The MSRB on Sept. 30 filed a proposed rule change with the SEC to amend MSRB Rule A-11, which relates to assessments for municipal advisor professionals, and MSRB Rule A-13, which pertains to underwriting and transaction assessments for dealers. The multi-year rate card replaces the MSRB’s previous annual rate card model.

“The SEC’s approval of MSRB’s multi-year rate card reflects the important and extensive stakeholder engagement that went into this process and reinforces MSRB’s ongoing commitment to responsible and transparent fiscal stewardship,” MSRB Board Chair Natasha A. Holiday said in an MSRB press release issued Monday.

“This approach to a multi-year rate card provides greater transparency, less volatility, and certainty in fees, while supporting MSRB’s ability to fulfill its statutory mission to protect investors, issuers and the public interest,” Holiday added.

The multi-year rate card approved by the SEC “maintains existing market activity fee rates through 2029 and includes temporary credits in 2026 and 2027, reducing the net rates of certain underwriting and transaction fees to be paid by brokers, dealers and municipal securities dealers in those years to return surplus reserves to the industry, while also establishing a predictable set of municipal advisor professional fees over the four year period of the multi-year rate card,” the MSRB’s release said.

The approved rates will go into effect on Jan. 1, 2026.

The MSRB, a self-regulatory organization, doesn't receive federal appropriations and is funded primarily via fees paid by regulated entities. The MSRB established its annual rate card model in 2022.

In November 2023, the MSRB filed with the SEC proposed amendments to MSRB Rules A-11 and A-13 to institute rate card fees for 2024. However, comment letters submitted to the SEC regarding the 2024 rate card proposal cited concerns "related to the MSRB's rate setting processes and the volatility and unpredictability of rates under the current rate card model," the Sept. 30 filing said.

After the SEC suspended the MSRB's 2024 rate card proposal in January 2024, the MSRB withdrew it in February 2024. In October 2024, the MSRB published a request for information to solicit input from regulated entities and the general public regarding its rate card process.

"For the reasons outlined below, and in particular the MSRB's commitment to the continued stakeholder outreach described below, the commission finds that the proposed rule change is consistent with the provisions of Section 15B(b)(2)(J) of the Exchange Act," the SEC said in its Dec. 19 order granting approval of the proposed rule change.

That section of the Securities Exchange Act of 1934 "requires the MSRB's rules to provide that each regulated entity shall pay to the MSRB such reasonable fees and charges as may be necessary or appropriate to defray the costs and expenses of operating and administering the MSRB," the SEC's order said.

"With respect to the proposed multi-year rate card, the commission finds that the proposed rate card fees are appropriate to defray the anticipated costs and expenses of operating and administering the MSRB over the next four years," the SEC's order said.

By Kathie O'Donnell

BY SourceMedia | MUNICIPAL | 12/22/25 03:06 PM EST

GASB Issues Guidance on Subsequent Events.

Norwalk, CT, December 17, 2025 — The Governmental Accounting Standards Board (GASB) has issued Statement No. 105, *Subsequent Events*, which is designed to improve the financial reporting requirements for subsequent events.

GASB's pre-agenda research on subsequent events showed diversity in practice in the application of the previously existing guidance on subsequent events, which was contained in GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*. This Statement, therefore, is intended to enhance consistency in the application of requirements for subsequent events.

The Statement defines subsequent events as transactions or other events that occur after the date of the financial reporting statements but before the date the financial statements are available to be issued. The definition of subsequent events in this Statement modifies the subsequent events time frame throughout the GASB literature.

Statement No. 105 also clarifies the different types of subsequent events, when note disclosures are required, and the information that should be included in those note disclosures.

The requirements of Statement 105 are effective for fiscal year beginning after June 15, 2026, and all reporting periods thereafter. Earlier application is encouraged.

SEC Approves MSRB's Multi-Year Rate Card.

Washington, D.C. – The Municipal Securities Rulemaking Board (MSRB) issued a statement and notice following the Securities and Exchange Commission's (SEC) approval of MSRB's Multi-Year Rate Card for dealers and municipal advisors. The approved rate card replaces the annual rate-setting model and establishes assessment rates through 2029, providing greater predictability and stability for regulated entities.

"The SEC's approval of MSRB's Multi-Year Rate Card reflects the important and extensive stakeholder engagement that went into this process and reinforces MSRB's ongoing commitment to responsible and transparent fiscal stewardship," MSRB Board Chair Natasha A. Holiday said. "This approach to a multi-year rate card provides greater transparency, less volatility, and certainty in fees, while supporting MSRB's ability to fulfill its statutory mission to protect investors, issuers and the public interest."

The Multi-Year Rate Card maintains existing market activity fee rates through 2029 and includes temporary credits in 2026 and 2027, reducing the net rates of certain underwriting and transaction fees to be paid by brokers, dealers and municipal securities dealers in those years to return surplus reserves to the industry, while also establishing a predictable set of Municipal Advisor Professional Fees over the four year period of the Multi-Year Rate Card. The approved rates will become effective January 1, 2026.

- Read the Notice.
- Read the FAQs.
- Read SEC Approval Order.

Date: December 22, 2025

Contact:
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How Political Alignment Between Cities and Governors Shapes Municipal Borrowing Costs.

In new research, Ramona Dagostino and Anya Nakhmurina discuss how political misalignment between state governors and city leadership can affect how cities access financing, particularly in municipal bond pricing and crisis prevention investment.

When Hurricane Harvey devastated Houston in 2017, the city confronted first a humanitarian crisis, then a political one. As the Democratic mayor of Texas's largest city sought billions in recovery aid, Republican Governor Greg Abbott was loath to open the state's purse, igniting weeks of tension about accessing the rainy day fund for Houston's reconstruction. The state eventually did release some funds, but not at the scale or speed Houston requested. The disagreements were prolonged and ultimately delayed Houston's reconstruction. A 2022 audit by the United States Department of Housing and Urban Development found that additional dispute between the city and the Texas General Land Office had put recovery grant funds at risk and introduced further delays in their distribution.

In Huntington Beach, California, the conservative-majority city council has enacted policies that frequently conflict with the state's progressive policies. For example, the city refused to comply with Governor Gavin Newsom's agenda to build more affordable housing. In September 2025, a California appeals court ruled that Huntington Beach must comply with state law planning its proportional share of residential development. The judge is considering imposing fines that could range from $10,000 to $100,000 per month, and—under certain conditions—be "multiplied by a factor of six," potentially reaching $600,000 per month. This is in addition to a previous $3.5 million in legal fees that would ultimately be funded by taxpayers.

Continue reading.

promarket.org

By Ramona Dagostino and Anya Nakhmurina

December 12, 2025

FINRA Fines Firm for Trade Reporting Failures: Norton Rose Fulbright

A firm settled FINRA charges for trade reporting failures on transactions in municipal securities and for related supervisory deficiencies.

According to the AWC, the firm submitted over 12,000 municipal securities transaction reports to the Real-Time Transaction Reporting System that did not include a mark-up, mark-down, or commission. FINRA noted that the firm failed to append the required No Transaction Based Compensation ("NTBC") indicator to these trades because the firm was unaware of the reporting obligation.

In addition, FINRA found that the firm failed to conduct reviews to verify that the NTBC indicator was being utilized correctly in practice. FINRA determined that the firm had not established written supervisory procedures regarding the overall accuracy of its Real-Time Transaction Reporting System reporting. As a result, FINRA found that the firm's supervisory system was insufficient to maintain compliance with MSRB reporting rules.

FINRA found that the firm violated MSRB Rules G-14 ("Reports of Sales or Purchases") and G-27 ("Supervision").

To settle the charges, the firm agreed to (i) a censure and (ii) a $35,000 fine.

December 4 2025

Norton Rose Fulbright US LLP

MSRB Seeks Board of Directors Applicants for FY 2027.

Washington, D.C. – The Municipal Securities Rulemaking Board (MSRB) will solicit applications for four positions on its Board of Directors for the 2027 fiscal year. Selected candidates will be elected to four-year terms beginning October 1, 2026, where they will have the opportunity to advance MSRB's mission to protect investors, issuers, and the public interest.

"The Nominating Committee's goal is to achieve broad representation of the municipal securities market on the MSRB Board of Directors," said Horatio Porter, MSRB Board member and Chair of the Nominating Committee. "This year, we are seeking two public members and two representatives of regulated entities to join the Board and fulfill our vision to give America the confidence to invest in its communities."

At least one of the new regulated members must be a non-dealer municipal advisor, and the Nominating Committee is also interested in applicants representative of broker-dealers not affiliated with a bank.

MSRB's Board is charged with setting regulatory policy, authorizing rulemaking, enhancing market transparency systems, and overseeing operations for the organization. Board members are compensated for their service.

Board Composition and Available Positions

The Board is composed of 15 members, which must include eight members who are representatives of the public, including investors, municipal entities and other individuals not regulated by MSRB, and seven members from firms that are regulated by the MSRB, including representatives of banks, broker-dealers, and municipal advisors.

During the current nominating process, the Board will elect two public and two regulated representatives to join the Board on October 1, 2026. Among the regulated positions, the Board must elect one non-dealer municipal advisor representative. Potential applicants should review MSRB's FAQs on Board Membership Categories and Eligibility. All applicants must be knowledgeable of matters related to the municipal securities market.

Application Details

Applications are made through the MSRB Board of Directors Application Portal and will be accepted from January 5, 2026, through February 13, 2026. At least one letter of recommendation must be submitted with the application.

Additional details on the Board application process, including a copy of the application form, information about Board service requirements and FAQs, are available on MSRB's website. Questions regarding the application and selection process should be directed to Jake Lesser, General Counsel, at 202-838-1395 or jlesser@msrb.org.

Date: December 02, 2025

Contact:
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MSRB: Steps for Registering as a Municipal Advisor

Read the MSRB guide.

Nov 19, 2025

Broker-Dealer Group Plans to Ask SEC to Exclude Munis from 'Asset-Backed Security' Definition.

The Securities and Exchange Commission has asked for comments on whether the definition of "asset-backed security" should be revised, and at least one broker-dealer group thinks it should specifically exclude municipal securities.

"We will ask the SEC to exclude municipal securities from the definition of asset-backed securities," said Michael Decker, senior vice president for research and public policy at the Bond Dealers of America.

BDA was one of six groups representing the muni market that in a Nov. 14 letter asked the SEC to extend the comment submission deadline for its "Concept Release on Residential Mortgage-Backed Securities Disclosures and Enhancements to Asset-Backed Securities Registration," which the agency issued on Sept. 26.

The letter, which referenced the recent federal government shutdown, in a footnote suggested Jan. 12, 2026, as a potential alternative to the current Dec. 1 deadline for comment submissions.

"As stakeholders representing the municipal market, we enjoy and appreciate the opportunity to consult with market experts and SEC staff to understand how best to reply to proposals such as the Concept Release," the groups said in their letter, which added that they were "denied such an opportunity" during the shutdown.

The commission published the concept release "to solicit comments on whether to amend the asset-level disclosure requirements for residential mortgage-backed securities in Item 1125 of Regulation AB and whether to revise generally the definition of 'asset-backed security' and/or other definitions in Item 1101 of Regulation AB," the release said.

The SEC "is considering these steps to expand issuer and investor access to the registered asset-backed securities markets and facilitate enhanced capital formation and liquidity while maintaining appropriate investor protections," the release said.

"What we plan to tell the SEC is that municipal securities in general shouldn't be subject to Reg. AB," Decker said. "There are elements of the rule that arguably apply to certain municipal securities and we want the SEC to make it clear that the rule doesn't apply to any municipal securities."

Municipal securities are exempt from federal registration requirements in the same way that agency securities are, “and agency securities are exempt from most Reg. AB requirements,” he said.

“In addition, municipal securities have the protection of the Tower Amendment, which prohibits the SEC from directly imposing disclosure requirements on municipal issuers, and that plays into this as well,” Decker said.

The SEC in 2004 adopted Reg. AB, “establishing for the first time a comprehensive registration, disclosure, and ongoing reporting regime for” asset-backed securities under the Securities Act of 1933 and the Securities Exchange Act of 1934, the concept release said.

In 2014, the SEC “adopted significant revisions to its registration, disclosure, and reporting regime for” asset-backed securities, including amendments to Reg. AB, in part to implement several Dodd-Frank Wall Street Reform and Consumer Protection Act mandates, the release said.

“The Dodd-Frank Act added a new statutory definition of ‘asset-backed security’ and included mandates for the commission to adopt rules and regulations intended to address concerns in the securitization market including, in relevant part, a lack of transparency about the assets underlying [asset-backed securities],” the release said.

In addition to BDA, the five other groups that in the Nov. 14 letter asked the SEC to extend the comment submission deadline were the Government Finance Officers Association, the National Association of Bond Lawyers, the National Association of Health and Educational Facilities Finance Authorities, the National Association of Municipal Advisors and the Securities Industry and Financial Markets Association.

By Kathie O’Donnell

BY SourceMedia | MUNICIPAL | 11/21/25 02:30 PM EST

FINRA Sanctions Firm for Custody and Transaction Confirmation Deficiencies: Norton Rose Fulbright

According to the AWC, the firm failed to maintain possession or control of customers’ excess margin securities by not combining credits and debits from accounts held under the same tax identification number. FINRA stated that this caused the firm to overcalculate shares available for rehypothecation—collateral that could be used for the firm’s own purposes—resulting in segregation deficits in customer securities that at times exceeded 100,000 shares and $2 million in value.

FINRA found that the firm lacked a supervisory system reasonably designed to ensure compliance with its possession or control obligations. FINRA also stated that the firm failed to provide guidance to employees on properly segregating securities to prevent the improper use of customer assets.

Separately, FINRA determined that the firm failed to include required mark-up and mark-down information on retail customer confirmations for municipal, corporate, and agency debt transactions. Approximately 300 municipal and 1,050 corporate and agency debt confirmations did not disclose mark-ups and mark-downs as both a total dollar amount and a percentage of the prevailing market price. FINRA found that these omissions resulted from personnel failing to timely enter prevailing market price information into the firm’s order management system.

FINRA concluded that the firm violated SEA Section 15(c) (“Government securities brokers and dealers”), SEA Rule 15c3-3 (“Customer protection-reserves and custody of securities”), MSRB Rules G-15 (“Confirmation, Clearance, Settlement and Other Uniform Practice Requirements with Respect to Transactions with Customers”) and G-27 (“Supervision”), and FINRA Rules 2010 (“Standards of Commercial Honor and Principles of Trade”), 2232 (“Customer Confirmations”), 3110 (“Supervision”).

To settle the matter, the firm agreed to (i) a censure and (ii) a $150,000 fine ($16,250 of which pertains to MSRB violations).

Norton Rose Fulbright US LLP

November 10 2025

FINRA Dings Wedbush Securities for Compliance Issues Involving Margin Accounts, Bond Mark-Ups.

Wedbush Securities has 500 registered reps in 70 branch offices.

FINRA on Friday penalized Wedbush Securities of Los Angelese $150,000 for various compliance and supervision shortcomings related to clients’ margin securities, as well as failing to disclose mark-ups and mark-downs of certain bond transactions.

Wedbush Securities has 500 registered reps in 70 branch offices. The firm has had a history of failing to supervise certain trades that resulted in scrutiny from regulators and penalties, along with other compliance problems.

FINRA in 2022 fined Wedbush Securities $900,000 for trading violations called “failed-to-deliver positions,” which occur when a seller fails to deliver securities to the buyer when delivery is due.

Continue reading.

investmentnews.com

By Bruce Kelly

NOV 10, 2025

MSRB Monthly Municipal Market Trading Summary through October 2025.

View the MSRB report.

Nov 15, 2025

Liquidity Impact of Municipal Bond ETFs on Municipal Securities Market: An Updated MSRB Analysis

Read the MSRB Analysis.

Nov. 4, 2025

MSRB Request for Comment Rule D-15 Defining the Term Sophisticated Municipal Market Professional.

Read the MSRB RFQ.

Nov. 3, 2025

MSRB to Seek Further Comment On Rule Defining Sophisticated Municipal Market Professionals.

The Municipal Securities Rulemaking Board plans to issue a request for comment to solicit further feedback on a proposal to drop the requirement that Securities and Exchange Commission-registered investment advisors affirm their status as sophisticated municipal market professionals.

The MSRB plans to issue the request for comment regarding MSRB Rule D-15 "within the next week or so," Ernie Lanza, chief regulatory and policy officer of the MSRB, said on Wednesday.

Rule D-15 defines the term sophisticated municipal market professional, or SMMP for short. Under the rule, an SMMP is defined by three essential requirements: the nature of the customer, dealer determination of customer sophistication and an affirmation by the customer.

The MSRB's plan to issue the comment request was mentioned by Frank Mazzarelli, director, market regulation at MSRB, during his remarks at the Government Finance Officers Association's 7th Annual MiniMuni Conference last week. The request for comment will seek "further feedback on amending [the] SMMP definition for municipal entities and SEC-registered investment [advisors]," a slide accompanying Mazzarelli's GFOA event remarks said.

"BDA welcomes the MSRB's attention to Rule D-15," Michael Decker, senior vice president for research and public policy at the Bond Dealers of America, said. "The rule has been on the board's books for years, and it is appropriate to undertake a review to determine whether amendments are necessary."

The requirement to obtain customer affirmations from SMMPs is an issue BDA will focus on, Decker said.

"No such affirmations are necessary for Qualified Institutional Buyers in the taxable world," he said. "We look forward to providing input."

The Securities Industry and Financial Markets Association also welcomed the MSRB's plan to issue the comment request.

“SIFMA has been urging MSRB to amend Rule D-15, and is pleased that the MSRB is planning to request comments on the rule,” Leslie Norwood, managing director, associate general counsel and head of the municipal securities division at SIFMA, said in a statement provided via a spokesperson.

SIFMA believes that not only should SEC-registered investment advisors be exempt from the Rule D-15 attestation requirement, “but this exemption should be extended to state registered investment advisers, who have essentially the same duties as federally registered investment advisers but a smaller amount of assets under management,” Norwood’s statement said.

“MSRB looks forward to reviewing comments on the upcoming RFC rather than addressing individual comments in advance,” Lanza said Wednesday in response to The Bond Buyer’s request to address points raised by BDA and SIFMA.

Mazzarelli’s remarks about the planned request for comment came nearly three years after the MSRB in February 2023 issued a request for comment, which asked for input on draft amendments to Rule D-15 that would exempt SEC-registered investment advisors “from having to make certain affirmations in order to qualify for” SMMP status.

The Feb. 16, 2023, request for comment also pertained to MSRB Rule G-47, which relates to time of trade disclosure. Rule D-15 and Rule G-47 were approved by the SEC in March 2014.

In accordance with the Rule D-15 nature of the customer requirement, the customer must be a bank, savings and loan association, an insurance company, or a registered investment company; an investment advisor registered either with the SEC under Section 203 of the Investment Advisers Act of 1940 or with a state securities commission (or any agency or office carrying out similar functions); or any other person or entity having at least $50 million in total assets.

Under the rule’s customer affirmation requirement, the customer must indicate affirmatively that, among other things, it is exercising independent judgment in evaluating the dealer’s recommendations and the quality of execution by the dealer of the customer’s transactions.

In the February 2023 request for comment, the MSRB proposed to exempt investment advisors registered with the SEC from having to make such affirmations in order to qualify for SMMP status under the rule. Such investment advisors “generally maintain over $100 million in regulatory assets under management and owe a fiduciary duty to their clients,” the MSRB said in its February 2023 comment request.

“The MSRB understands that these investment advisers are typically very sophisticated and, as a result, some market participants have questioned whether the burdens associated with obtaining an attestation from these professionals is sufficiently outweighed by the protections afforded to them,” the comment request said.

“The MSRB is sensitive to the cost-benefit analysis associated with the application of its rules and seeks comment below as to whether the MSRB should remove the attestation requirement for commission-registered investment advisers to qualify as SMMPs,” the February 2023 comment request said.

By Kathie O’Donnell

BY SourceMedia | MUNICIPAL | 10/29/25 03:34 PM EDT

MSRB Seeks Volunteers for Compliance Advisory Group.

View the MSRB notice.

Oct 30, 2025

MSRB Board of Directors Holds First Quarterly Meeting of FY 2026.

Washington, D.C. – The Board of Directors of the Municipal Securities Rulemaking Board (MSRB) met on October 22-23, 2025, holding the first quarterly meeting of fiscal year 2026. MSRB reviewed certain retrospective rule review and rule modernization initiatives, discussed the modernization of the Electronic Municipal Market Access (EMMA®) website, among other topics, and celebrated 50 years of advancing its congressional mandate.

“Over the next fiscal year, I look forward to collaborating with MSRB Board members from across our industry, and the nation, who will continue to bring their deep market expertise and experience to our priorities and stakeholder engagement efforts,” Board Chair Natasha A. Holiday said. “As a Board, we remain focused and deeply committed to the priorities that matter most to the market, and I am confident that together with our stakeholders, MSRB can make America’s communities stronger and more vibrant, one bond at a time.”

Market Regulation

The Board approved filing a rule amendment with the SEC and received an update on upcoming market regulation activities, including MSRB’s retrospective rule review. Specifically, the Board:

- Rule G-27: Discussed the approach to further phases of the dealer supervision retrospective rule review beyond the upcoming Request for Comment approved at the last Board meeting. The dealer supervision review is designed to explore avenues for providing additional flexibility for dealers to meet their supervisory obligations in a manner consistent with modern workplace practices without favoring any particular business model.
- Rule G-28: Approved the filing of an amendment with the SEC to harmonize MSRB requirements for dealer personnel engaging in municipal securities activities away from their own firm with FINRA’s similar rule.
- Rule G-32: Discussed progress on addressing underwriter feedback on the submission process for primary offering data and documents through Form G-32, including upcoming near-term actions intended to clarify submission requirements and timeframes as well as consideration of potential longer-term approaches to simplifying the submission process and form content.
- Received updates on other areas of retrospective review and rulebook modernization designed to ensure that regulation of dealer and municipal advisor activities continue to provide fulsome protection to investors and issuers without hindering marketplace innovation and technological advancements.

Market Transparency and Market Structure

- Received an update on the modernization of EMMA and related market transparency systems.
- Received an update on upcoming municipal market research and recent municipal market activity, including record annual trade count and the growth of Alternative Trading Systems (ATSs),

Separately Managed Accounts (SMAs) and exchange-traded funds (ETFs).

Prior to the Board meeting, MSRB celebrated 50 years of serving its congressional mandate by bringing the municipal securities industry together for an evening that recognized the power of municipal bonds in shaping and strengthening America's communities. Alongside fellow regulators and industry leaders, MSRB welcomed remarks from SEC Chairman Paul Atkins and Congressional Municipal Finance Caucus co-chairs Rep. Terri Sewell (D-AL) and Rep. Rudy Yakym (R-IN).

"MSRB was proud to recognize our 50th anniversary milestone together with the industry, fellow regulators and policymakers," MSRB CEO Mark Kim said. "Partnering with our stakeholders, we look forward to the next 50 years of advancing our mission to protect investors, issuers and the public interest, while fostering efficiency, competition and capital formation in the municipal securities market."

Date: October 23, 2025

Contact:
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MSRB Announces Discussion Topics for Quarterly Board Meeting.

Washington, DC – The Board of Directors of the Municipal Securities Rulemaking Board (MSRB) will meet on October 22-23, 2025, to hold the first quarterly meeting of fiscal year 2026.

Highlights of the Board discussion will include:

Market Regulation

The Board will discuss regulatory matters and receive updates on several ongoing initiatives, including:

- MSRB's rule harmonization initiative with FINRA Forward rulemaking.
- Rule G-28: Transactions with employees and partners of other municipal securities professionals.
- Rule G-32: Regarding disclosures in connection with primary offerings.
- Updates on other areas of retrospective rule review, including dealer supervision.

Market Transparency and Structure

The Board will also receive an update on recently published and upcoming research, a recap of recent market activity and a briefing on information technology initiatives, including the development of a modernized Electronic Municipal Market Access (EMMA) website.

Date: October 16, 2025

Contact:
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MSRB Issuer and Investor Notification: Posting and Accessing Preliminary Official Statements on EMMA

Read the MSRB Notification.

Oct 14, 2025

MSRB Monthly Municipal Market Trading Summary Through Sept, 2025.

View the MSRB Summary.

Oct 6, 2025

MSRB Third Quarter 2025 Municipal Securities Market Summary.

View the MSRB Summary.

Oct 7, 2025

MSRB Files Multi-Year Rate Card for Dealers and Municipal Advisors.

Washington, D.C. – The Municipal Securities Rulemaking Board (MSRB) today filed its rate card for dealers and municipal advisors with the Securities and Exchange Commission (SEC). The new Multi-Year Rate Card replaces MSRB's Annual Rate Card Model and provides the industry with greater certainty and stability with respect to fees.

"Over the past 18 months we have listened to feedback from our stakeholders and worked to address their concerns regarding our budget, reserves and fees following the suspension of our proposed 2024 rate card," MSRB CEO Mark Kim said. "The new Multi-Year Rate Card provides greater transparency, stability and certainty in fees for regulated entities, resulting in a more predictable, rate-setting model for MSRB. We thank our stakeholders for their engagement and feedback throughout this process"

MSRB has published a page of frequently asked questions (FAQs) about the rate card, including its proposed fee rates. MSRB also encourages stakeholders to review the full filing submitted with the SEC and to submit comments during the SEC's comment period.

Read the FAQs.

Read the SEC Filing.

Date: September 30, 2025

Contact:

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SEC Approves Amendments to MSRB Rule G-14 on Reporting of Transaction Prices.

Read the MSRB Notice.

Sept. 17, 2025

Modernizing Delivery: Why It's Time for the SEC to Make E-Delivery the Default - SIFMA

As investors overwhelmingly embrace digital communications, the SEC should update its decades-old delivery framework to make electronic delivery the default—improving security, reducing costs, and meeting investor needs in the 21st century.

Nearly thirty years ago, the SEC first issued guidance on electronic delivery of required investor communications. These include such things as monthly statements, confirmations and prospectuses. At the time, less than half of U.S. households owned a computer, and only a small fraction subscribed to online services, using dial up as the way to connect to the internet. Fast forward to today: 95% of households own a computer or smart device, 90% have broadband, and almost everyone uses mobile and online platforms for banking, bill paying, shopping, and even government services.

Yet under current SEC rules, paper documents remain the default for required investor communications. This framework is outdated and more costly and less efficient and invites more risk. It also creates unnecessary costs, inefficiencies, and barriers to innovation—while most investors have already signaled a clear preference for electronic delivery.

Why Electronic Delivery Should Be the Default

In a recent letter to the SEC, SIFMA and SIFMA AMG urged the SEC to take action to update the rules to make electronic delivery the default method for customer communications. With appropriate safeguards and the investor's ability to opt out at any time, electronic delivery would:

- **Enhance the investor experience** by providing more timely, secure, and user-friendly access to information.
- **Strengthen investor protection** by reducing the risk of lost or stolen mail and enabling use of encryption, multifactor authentication, and other safeguards.
- **Lower costs** by eliminating printing and postage costs that are ultimately borne by investors.
- **Promote environmental responsibility** by reducing paper waste from millions of unnecessary mailings.

Investors Are Already Online

The evidence is clear: investors overwhelmingly want digital delivery. A 2022 SIFMA survey found that nearly 80% of customers already receive financial documents electronically—across all age groups, including seniors. Just as over 90% of Americans file their taxes electronically, most now expect financial disclosures to be delivered the same way.

A Modernized Framework

In the letter to the SEC, SIFMA recommends:

- Allowing firms to treat electronic delivery as the default method of delivery for clients with an active electronic delivery address on file after an ample notification and transition period. Current and future clients could always switch to paper delivery on demand.
- Exempt "in writing" delivery requirements from duplicative provisions of the E-Sign Act.
- Provide greater flexibility for institutional investors, who overwhelmingly prefer self-service access to documents rather than duplicative notices.

Other federal agencies — including the Department of Labor, Social Security Administration, and the Centers for Medicare and Medicaid Services—have already embraced electronic delivery. This is all the more why we believe the SEC should update its rule set.

Moving Forward

Electronic delivery is not only main the way people communicate today – it is the safer, smarter, and more efficient path forward. Markets are moving faster, with securities settlement moving to one day in 2024 pursuant to an SEC rule and industry led initiative. That move in and of itself made mail delivery of confirms outdated. And as the SEC considers the treatment of tokenization and digital assets under the securities laws, e-delivery is an important first step in establishing a regulatory framework that is friendly to those products.

Modernizing the SEC's delivery framework would align regulatory requirements with investor preferences, technology, and best practices across industries.

We believe the time is right to bring investor communications into the 21st century.

This article neither contains legal advice nor establishes an attorney-client relationship in any form. The opinions expressed herein are attributable to the author(s) alone, and they do not reflect the views, positions or opinions of Willkie Farr & Gallagher LLP or other attorneys at the firm.

Date: September 18, 2025

By: Melissa MacGregor, Brian Baltz, and James Anderson.

SEC's Sanchez: Unregistered Muni Advisor Activity by Lawyers is a Concern

Unregistered municipal advisory activity by lawyers – particularly in affordable housing and "project-based" transactions – is an area of concern for the Securities and Exchange Commission's Office of Municipal Securities, that office's director said Wednesday.

SEC muni chief Dave Sanchez made those comments during the National Association of Bond Lawyers' annual conference being held in Washington this week. While his office is independent and

not a part of the enforcement division, Sanchez has often used his public comments to provide warnings about potentially troublesome conduct in the muni market.

“Generally speaking we’ve been looking at unregistered municipal advisor activity and since I was part of writing the municipal advisor rule over a decade ago, lawyers have always been at the top of the list of complaints and that really hasn’t changed,” Sanchez said during an SEC-related panel discussion at the conference.

In particular, Sanchez cited affordable housing and some of the more “project-based” types of transactions as areas “where we are seeing lawyers more openly engaging in structuring that might be problematic.”

In relation to Sanchez’s comments regarding unregistered municipal advisor activity and lawyers, Panel Chair Alice Ostdiek, a partner at Stradling Yocca Carlson & Rauth, said that particularly when a lawyer is in a situation where there isn’t a municipal advisor on a deal, “your clients are going to look at you and say ‘Oh, you’re the expert? – tell us how this would work, or what should we do here.”

Ostdiek said that while the first words out of her mouth are “I’m not a financial advisor,” clients will continue to press for information anyway on topics such as going to a bank versus doing a bond deal. While she tells clients that she can discuss the legal consequences of that but not the financial consequences, those conversations can be tricky to navigate, Ostdiek said.

Sanchez, citing his own prior experience as an attorney in private practice, acknowledged that lawyers in the situation Ostdiek described are going to feel pressure.

“But really at the end of the day, there’s no answer other than you’re just going to have to say ‘I can tell you about the legal consequences not the financial consequences,'” he said, adding that, alternatively, some lawyers may feel comfortable giving general information because of the general information exclusion.

“And that requires a little bit of education,” Sanchez said. “By the way, there are multiple FAQs on the SEC website about what is general information versus advice.”

At the start of his remarks relating to unregistered municipal advisor activity and lawyers, Sanchez referenced comments made during a panel earlier that day by Andrew Kintzinger, counsel at Hunton Andrews Kurth.

During that panel, which was also SEC-related, Kintzinger pointed to “the onslaught of activity that municipal advisors are facing right now,” which he said encompasses “a whole spectrum of municipal advisors” ranging from those who are part of broker-dealer firms that also provide municipal advisory services to smaller independent municipal advisor firms.

“This whole spectrum are really facing a number of examinations from the [SEC’s] division of examinations and enforcement actions with respect to failing to register when you’re conducting MA activities if you haven’t registered, both in the charter school space and the P3 space,” said Kintzinger, who also cited “cases on conflicts of interest, cases on conflicts of interest due to fee arrangements.”

Kintzinger said he has participated in three forums since November where regulators were present and where municipal advisors said two things that are noteworthy for lawyers:

“One, we want to get out of this mess, we’re going to start asking our issuer clients to always have

disclosure counsels on board to help us with disclosure in all the offer and sale of municipal securities," the attorney said. "And secondly, they say, 'Well, you're looking at us for municipal advisor activity, what about the lawyers?"

Kintzinger said he was offering that information "not by way of saying I think [MAs] have a leg to stand on there, but we need to be aware that they're under the gun with enforcement and exam activity right now and they're saying to the regulators, 'Well, what about the underwriters, what about the lawyers?'"

By Kathie O'Donnell

BY SourceMedia | MUNICIPAL | 09/11/25 03:33 PM EDT

Modernizing Delivery Requirements Under the Federal Securities Laws: SIFMA Comment Letter

Summary

SIFMA and SIFMA AMG provided comments to the U.S. Securities and Exchange Commission (SEC) requesting that the SEC take necessary steps to modernize the framework for the electronic delivery of required communications and disclosures by market participants to investors, customers, and clients.

Read the SIFMA Comment Letter.

FINRA Fines Wells Fargo Clearing Services $137.5k for Alleged Violations Related to Unregistered Advisor Activity.

Wells Fargo Clearing Services has agreed to pay $137,500 to settle a Financial Industry Regulatory Authority allegation that the firm violated a municipal securities rule by failing to set up and maintain a supervisory system reasonably designed to achieve compliance with federal securities laws that ban unregistered municipal advisory activity.

The $137,500 fine for allegedly violating Municipal Securities Rulemaking Board Rule G-27 was part of a $275,000 total fine imposed on the St. Louis, Mo.-based firm by FINRA, which also alleged certain FINRA rule violations.

Wells Fargo (WFC) was also censured, according to a settlement document accepted by FINRA on Aug. 11. The firm consented to FINRA's findings without admitting or denying them, the document said.

FINRA found that from at least June 2019 to November 2024, Wells Fargo (WFC) failed to set up and maintain a supervisory system – including written supervisory procedures – "that was reasonably designed to achieve compliance with Section 15B(a)(1)(B) of the Securities Exchange Act of 1934, which prohibits unregistered municipal advisory activity," according to the document.

That section of the Exchange Act prohibits broker-dealers from providing advice to municipal

entities concerning, among other things, investing proceeds from the issuance of municipal securities “unless the broker-dealers are registered as a municipal advisor, with certain inapplicable exceptions,” the document said.

“In Regulatory Notice 19-28, FINRA reminded members that if they are not registered as municipal advisors yet hold or transact in municipal entities’ accounts, they must establish and maintain a supervisory system and WSPs that are reasonably designed to detect and prevent investment-related activities that would require registration as a municipal advisor,” the settlement document said.

During the period from at least June 2019 to November 2024, “Wells Fargo (WFC) had hundreds of municipal entity customers who transacted in municipal and non-municipal securities in their firm accounts, but the firm was not registered as a municipal advisor,” the document said.

The firm didn’t establish and maintain a supervisory system – including WSPs – that was reasonably designed to ensure that the investment-related activities of the firm and its associated persons didn’t require Wells Fargo (WFC) to register as a municipal advisor.

While Wells Fargo’s (WFC) WSPs prohibited its associated persons from advising municipal entities about investing proceeds from the issuance of muni securities, the firm didn’t supply guidance to its associated persons about what constituted providing such advice and what other activities require registration as a municipal advisor, the document said.

The firm also lacked any process for identifying whether deposits in municipal entities’ accounts were proceeds from the issuance of municipal securities and didn’t institute controls to detect and prevent associated persons from advising municipal entities on how to invest proceeds from the issuance of muni securities, the document said.

“While Wells Fargo (WFC) relied on provisions in its client account agreement and disclosures provided to customers in their year-end account statements to help ensure municipal entities were not depositing proceeds from the issuance of municipal securities, these provisions and disclosures were not prominent,” the document said, adding that the firm “did not otherwise take reasonable steps to ensure that its services for municipal entities did not include providing advice on the investment of proceeds from the issuance of municipal securities and thus constitute municipal advisory activity.”

Through its failure “to establish and maintain a reasonable supervisory system and procedures, Wells Fargo (WFC) violated MSRB Rule G-27,” the settlement document said.

In November 2024, the firm “took steps to modify its supervisory system, including its WSPs, relating to municipal advisory activity,” the settlement document said.

The firm did not immediately respond to a request for comment.

By Kathie O’Donnell

BY SourceMedia | MUNICIPAL | 08/13/25 10:52 AM EDT

S&P Sustainable Finance FAQ: Sustainable Bond Impact And Transparency In Post-Issuance Reporting

This FAQ focuses on post-issuance reporting of sustainable use-of-proceeds instruments. It does not factor into credit ratings or comment on credit ratings.

Post-issuance reporting for sustainable (green, social, or sustainability) use-of-proceeds (UOP) instruments plays a vital role in demonstrating both allocation of funds and real-world impacts. External review providers (such as S&P Global Ratings) may have access to intended allocations and expected impact metrics when assessing pre-issuance sustainable frameworks or financings. Post-issuance reporting, however, provides the first opportunity to evaluate how those initial expectations compare to actual implementation and outcomes.

High quality post-issuance reporting and independent external reviews help demonstrate the issuer's allocation of proceeds in line with the eligibility criteria and sustainability commitments outlined in its corresponding pre-issuance framework or financing documents. These reviews also assess performance—whether meeting, exceeding, or falling short of pre-issuance expectations—and allow for informed stakeholder and fund provider decision-making while enabling the transition to a more sustainable future resilient to environmental and social challenges.

We anticipate post-issuance reporting will continue evolving toward greater consistency and transparency, driven by rising market demands for clarity on real-world outcomes as the impacts of climate change increase, advancements in data collection and validation technology, and increasing coalescence around standardized reporting frameworks.

Continue reading.

14-Aug-2025 | 12:50 EDT

After Muni Bond Fund Blows Up, Broker-Dealers Osaic and Stifel Nicolaus Face Questions.

Plaintiff's lawyers are eying both broker-dealers for potential client complaints.

A small municipal bond fund, the Easterly ROCMuni High Income Municipal Bond Fund (ticker: RMHIX) hit the skids in June, losing close to half its value and now with a net asset value (NAV) of $2.95 per share.

Plaintiff attorneys who work with clients seeking damages from broker-dealers in such cases have pointed to two firms, Osaic Wealth and Stifel Nicolaus & Co., as potential targets of investor lawsuits.

Jake Zamansky, a plaintiff's attorney based in New York, said on Thursday morning he has one client who worked with an Osaic financial advisor on Long Island and invested in the Easterly Fund.

"The Easterly Fund was a speculative high risk "junk bond" fund that should never have been recommended to retail clients," Zamansky said. "Many of the bonds in the fund lacked a liquid market. And when the fund collapsed, investors were left holding the bag."

An Osaic Wealth financial advisor recommended that one customer, an 84-year-old widow, invest in the fund in May, days before it lost half its value, according to Zamansky. So far, that client has allegedly lost 35% of her savings.

Meanwhile, a Thursday morning press release from law firm Shepherd Smith Edwards & Kantas said the firm was looking to speak with Stifel clients in Kentucky who were sold the fund.

“The Easterly Fund was marketed as a municipal bond that purportedly invests at least 80% of its net assets in tax exempt debt securities,” according to the press release. “While most municipal bond funds are relatively safe, the Easterly Fund was quite different and very risky.

“For example, most of its securities are poorly rated, below investment grade bonds commonly referred to as ‘junk bonds,’” according to the press release. “Moreover, the majority of the bonds in the Easterly Fund were not backed by any municipality, like a state or local government, but rather they were bonds issued by small companies for often speculative projects.”

According to Morningstar.com, the Easter Fund’s I or Institutional share class has $15.1 million in total assets.

And according to the Easterly Fund homepage, the fund had an MAV as of the close of trading on Wednesday of $2.95. For the year, the fund’s performance is down 56.3%. Most of the fund’s sharp decline occurred over a few days in the middle of June.

A spokesperson for Easterly Asset Management declined to comment.

According to its website, Easterly Asset Management at the end of last year, along with its partners, managed more than $60 billion in a variety of strategies.

A spokesperson from Osaic did not immediately return a call Thursday afternoon to comment.

“Stifel shares investors’ concerns about the recent performance and management of the fund,” a Stifel spokesperson said. “Despite our formal request to Easterly for detailed information about how its management of the fund led to investor losses, we have yet to receive any reply.”

investmentnews.com

by Bruce Kelly

AUG 08, 2025

Why Is the Fragmented Municipal Bond Market So Costly to Investors and Issuers?

Abstract

The municipal bond market plays a crucial role in providing capital to US municipalities and functions through a network of underwriters, municipal advisors, credit rating agencies, insurers, individual and institutional investors, and multiple regulators. Many of these market participants have significant asymmetric information and conflicting incentive structures, which can sometimes lead to disparate and seemingly inefficient outcomes. Puzzles documented in the academic literature include high underwriting costs, conflicting roles by municipal advisors, extreme and widely varying trade markups, investment holdings that are often not tax-efficient, inconsistent implied marginal tax rates, a heavy reliance on credit ratings, little benefit but widespread use of insurance, delayed use of call provisions, and inconsistent treatment of accounting information. We review issues in the

municipal bond market and propose implementable suggestions that would hopefully allow for a more competitive and low-cost market for both taxpayers and investors.

Continue reading.

by John M. Griffin, Nicholas Hirschey, Samuel Kruger

The Journal of Economic Perspectives, Vol. 39, No. 2 (Spring 2025), pp. 235-260 (26 pages)

https://www.jstor.org/stable/27378766

Law Firms Investigating Losses in Easterly ROCMuni High Income Municipal Bond Fund.

GARDEN CITY, N.Y., Aug. 6, 2025 /PRNewswire/ — Between June 12 and June 16, 2025, the Easterly ROCMuni High Income Municipal Bond Fund (symbol “RMHIX”) (formerly known as “Principal Street High Yield Fund”) lost half its value. The law firms of Deutsch & Lipner and The Law Offices of Jonathan W. Evans & Associates allege that this Municipal Bond Fund was, despite its name, a risky junk bond fund, that owned illiquid corporate and other unrated and low-rated securities.

Eric Jacobson in a December 2023 article in Morningstar warned about the liquidity of the bonds owned by the Fund (and other issues as well); a year and a half prior to its collapse https://www.morningstar.com/bonds/6-critical-lessons-bond-investors

Deutsch & Lipner and The Law Offices of Jonathan W. Evans & Associates allege that some financial advisors disregarded or failed to heed the warnings.

Deutsch & Lipner of Garden City, New York and The Law Offices of Jonathan W. Evans & Associates of Los Angeles, California are investigating instances of inappropriate recommendations / purchases of this Fund by investment advisors, including those affiliated with Commonwealth Financial. Several investors have already lodged complaints against this firm.

As part of our representation of three investors who are complaining about losses in the Fund, our firms seek information, including but not limited to sales materials, performance projections, emails or other communications from financial advisors about the Fund. Such documents could include material sent to investors about the Fund, its features, or its appropriateness for retirees and other conservative or moderate-risk investors.

The attorneys at Deutsch & Lipner (DeutschLipner.com) and the Law Offices of Jonathan W. Evans and Associates (StockLaw.com) have over a century of experience representing investors in FINRA arbitration claims. The firms have, collectively, recovered hundreds of millions of dollars for aggrieved investors throughout the United States.

Please contact either law firm if you have information about advisors who were recommending the Easterly ROCMuni High Income Municipal Bond Fund.

Deutsch & Lipner

Aug 06, 2025, 07:03 ET

Media Contact:
Seth Lipner Esq.
516 294-8899

Growing Cybersecurity Risks in the Municipal Bond Market: Frost Brown Todd LLP

In November 2024, the Township of White Lake, Michigan, fell victim to a cyberattack resulting in the wiring of approximately $29 million to the unauthorized account of the culprit. Before White Lake imminently closed on its issuance of general obligation bonds to finance new governmental buildings, the hacker was able to access the township's email system, impersonating an official of the township and sending altered wiring instructions to the underwriter of the bond. At the closing, instead of the township account, the purchase price was wired to the hacker. The sale of the bonds was ultimately canceled, and to this date, only approximately $21 million of the purchase price has been recovered. The underwriter is suing the township for the remainder.

Cyberattack Frequency and Disclosures

In recent years, there has been an increase in the frequency and media coverage of cyberattacks, from phishing scams to ransomware, and corporations are constantly working to stay ahead of bad actors by improving policy and technology. As evidenced by the White Lake cyberattack, the municipal markets are not immune to this threat—in fact, the public sector was the third most targeted sector by foreign nation-state cyber threat actors in 2024, according to Microsoft Threat Intelligence's global 2024 Digital Defense Report.

Tracking the rate of these incidents in the municipal market can be difficult, as there are currently no official guidelines from the Securities and Exchange Commission (SEC) pertaining to municipalities and their disclosure of cybersecurity risks or attacks. Issuers may be hesitant to make such disclosures for fear of the negative impact on their credit ratings and the associated negative publicity. This hesitation is well founded: two issuers, one in California and one in Maryland, recently had their credit downgraded after suffering cyberattacks. However, experts believe that, despite the potential credit impact, disclosure is essential, as it allows law enforcement to better understand cyberattack trends, build their databases, and develop strategies to prevent future attacks.

Continue reading.

Frost Brown Todd LLP – Ben Hadden and Chris Ansell

July 30, 2025

MSRB Announces New Board Members for FY 2026.

Washington, DC –The Municipal Securities Rulemaking Board (MSRB) today announced that it has elected four new Board members for Fiscal Year 2026 who will serve four-year terms, which begin on October 1, 2025.

The announcement follows MSRB's fourth quarterly Board meeting of FY 2025 where Natasha Holiday was elected to serve as Board Chair and Wendell Gaertner was elected to serve as Vice Chair. Their one-year terms begin on October 1, 2025.

"MSRB's Board of Directors is pleased to announce the election of this accomplished class of new Board members who will bring fresh perspectives to the work that strengthens the municipal securities market and protects investors, issuers and the public interest," Chair-elect Holiday said. "The Board's Nominating Committee was charged with recommending one municipal advisor, one broker-dealer, and two public members to join the Board next year."

The new public members joining the MSRB Board in FY 2026 are Nancy Feldman, Chief of the Division of Fiscal Management for Montgomery County, Maryland, and JoLinda L. Herring, CEO and Managing Shareholder, Bryant Miller Olive. The new regulated members joining the Board are Vivian Altman, Managing Director and Head of Public Finance, Janney Montgomery Scott, and Daniel Hartman, Managing Director and Immediate Past CEO, PFM Financial Advisors LLC.

Biographical information for Altman, Feldman, Hartman and Herring can be found below.

Vivian Altman is Managing Director and Head of Public Finance for Janney Montgomery Scott, where she oversees their public finance business with a focus on leading the organization's business and client development efforts and expanding its sector and geographic presence. Prior to Janney Montgomery Scott, Altman held roles as an investment banker, municipal advisor, and issuer. Altman holds a Bachelor of Arts in Economics from Barnard College, a Master of Arts in Economics from the University of Pennsylvania, and, in 2024, was recognized as a Trailblazing Woman in Public Finance, receiving the Private Sector Freda Johnson Award.

Nancy Feldman is the Chief of the Division of Fiscal Management for Montgomery County, Maryland, where she is responsible for oversight of the county's cash and investments, debt, revenue forecasting, economic development administration, and fiscal policy analysis. Prior to her work with Montgomery County, Feldman held various positions at Wells Fargo Securities including as Managing Director, Public Finance, Government and Institutional Banking, where she managed the public finance investment banking department and developed strategy for new business in public finance. Feldman holds a Bachelor of Arts in Economics from SUNY Albany and an MBA in Finance from Baruch College.

Daniel Hartman is Managing Director and Immediate Past CEO for PFM Financial Advisors LLC, where he led the organization through its transformation into a stand-alone financial advisory and consulting company. Prior to his tenure as CEO, Hartman led PFM's Financial Advisory practice, was responsible for all municipal advisory services throughout the U.S., and headed the national utilities practice in the U.S. He holds a Bachelor of Arts in Economics and International Relations from the University of North Carolina Chapel Hill.

JoLinda L. Herring is CEO and Managing Shareholder for Bryant Miller Olive, where she is a member of the firm's Public Finance Group. She has over 30 years of experience practicing public finance law and currently serves as bond counsel, disclosure counsel, and underwriter's counsel to various government entities across the States of Florida and Connecticut. Herring began her career at Bryant Miller Olive as a law clerk. She holds a Bachelor of Science in Chemistry from Fisk University, an MBA in Finance with honors from Vanderbilt University, and a JD from Florida State University College of Law.

The new Board members were selected from a pool of over 50 applicants this year.

“We are grateful for and appreciate all of the highly qualified candidates who demonstrated their commitment to public service and giving back to the municipal securities market by applying to serve on the Board,” MSRB CEO Mark Kim said.

July 30, 2025

Aleis Stokes, Chief External Relations Officer
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Trends in Municipal Securities Trading: Broker’s Brokers vs. Alternative Trading Systems

Read the MSRB report.

MSRB Approves FY 2026 Budget, Amended Rate Card Filing, Elects Board Leadership at Quarterly Board Meeting.

Washington, D.C. – The Board of Directors of the Municipal Securities Rulemaking Board (MSRB) met on July 23-24, 2025, holding the final quarterly meeting of fiscal year 2025. The Board approved the FY 2026 budget, approved the filing of an amended Rate Card with the SEC for calendar years 2026-2029, held FY 2026 officer elections for MSRB Board Chair and Vice Chair, and elected four new Board members for four-year terms beginning on October 1, 2025.

FY 2026 Budget

The Board approved a $46.2 million budget for FY 2026, representing a decrease of 5.2 percent or $2.6 million compared to MSRB’s FY 2025 budget. A more detailed budget summary, with MSRB’s projected expenses, revenues and reserve levels, will be published in October at the beginning of the fiscal year.

“Upholding our commitment to financial stewardship, budget transparency and public accountability remains of paramount importance to MSRB staff and its Board of Directors,” MSRB Board Chair Bo Daniels said. “An open dialogue with stakeholders has provided us with valuable feedback and perspective as we developed our budget for FY 2026.”

Multiyear Rate Card

The Board approved filing an amended Rate Card with the SEC for calendar years 2026-2029. The proposed multi-year rate card is designed to provide the industry with greater certainty and stability with respect to fees. In addition, the proposal is expected to reduce MSRB surplus reserves over the next two years by providing a temporary credit against certain market activity-based fees.

“Over the past year, I have been grateful for and appreciate the industry’s engagement as we have worked to address their concerns and questions regarding our budget, reserves and fees,” MSRB CEO Mark Kim said. “We heard our stakeholders loud and clear, and we hope the amended rate card will provide the industry with greater transparency, less volatility, and more certainty with respect

to MSRB's fees going forward."

Board Leadership for FY 2026

The Board held FY 2026 officer elections and considered candidates to fill vacancies on the Board. The Board elected Natasha Holiday, Managing Director, Co-Head of Infrastructure East, RBC Capital Markets, to serve as FY 2026 Chair of the Board. Wendell Gaertner, Senior Managing Director of Public Resources Advisory Group, Inc. (PRAG), will serve as Vice Chair. Officer terms are for one year and begin on October 1, 2025. The terms of MSRB's outgoing Chair Bo Daniels and Vice Chair Jennie Bennett end on September 30, 2025.

"I am pleased to announce the election of Natasha and Wendell as our incoming Chair and Vice Chair—especially as they represent the two market participants that MSRB regulates, broker-dealers and municipal advisors," Daniels said. "I congratulate them on this tremendous honor and know the industry will be well represented with their leadership when they take the reins as Board Chair and Vice Chair in October."

Four new Board members were also elected for four-year terms beginning on October 1, 2025. More information on these candidates will be shared in the coming days.

In addition, the Board discussed the following initiatives:

Market Regulation

- MSRB Rule G-27 Request for Comment: Approved issuing a request for comment on draft amendments to provide more flexibility in connection with dealer supervision requirements.
- Retirement of Financial Advisor Terminology: Approved issuing a request for comment on draft amendments to replace use of the term "financial advisor" in MSRB rules with the term "municipal advisor."
- Open Contractual Commitments: Discussed industry concerns regarding contractual commitment charges for syndicate members.

Market Transparency and Market Structure

- Received an update on the modernization of the Electronic Municipal Market Access (EMMA) website and related market transparency systems.
- Received an update on recent municipal market activity and current MSRB research.

Date: July 24, 2025

Contact:
Aleis Stokes, Chief External Relations Officer
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Pricing Climate Risks: Evidence from Wildfires and Municipal Bonds - Brookings

Abstract

How do financial markets respond to anticipated climate-driven wildfire risk? Using high-resolution meteorological forecasts, land use data, and U.S. municipal bond spreads, we find that municipalities facing greater future wildfire exposure already incur higher borrowing costs: A one standard deviation increase in projected wildfire risk raises primary (secondary) market spreads by 14 (26) basis points – over 40% of the sample mean. Impacts are significantly larger in areas with higher minority populations and greater reliance on local revenue. Our study contributes to the broader literature by introducing a new approach to identifying the financial effects of evolving climate risks.

View the working paper.

View slides.

Brookings 14th Annual Municipal Finance Conference

Authors: Woongchan Jeon, Lint Barrage, and Kieran James Walsh

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Who Labels and What's Priced? Evidence from Third-Party ESG Assessments in the Municipal Bond Market - Brookings

Abstract

We study the supply and pricing dynamics for ESG labels using a novel and unexpected third-party assessment of environmental, social, and governance (ESG) characteristics for over $1 trillion in municipal bonds. We show that most eligible bonds are issued without ESG labels and that local beliefs and issuance terms discourage labeling. Using a difference-in-differences design in combination with these assessments, we provide within-bond evidence that reducing ESG-related uncertainty increases investors' willingness to pay. We find a 3–4 basis point premium for assessed bonds, even those with average ESG scores (i.e., ineligible for ESG labels) – which we call an assessment effect. The greenium for higher environmental or transparency scores is smaller but significant. These pricing effects are consistent across local characteristics, but are much larger for revenue bonds with material credit risk. Our evidence highlights the general relevance of ESG information in assessing credit risk and a mismatch between
its supply and investor demand.

Download the paper.

Brookings 14th Annual Municipal Finance Conference

Authors: Daniel Garrett (University of Pennsylvania Wharton School), Brian Gibbons (Oregon State University), and Mahdi Shahrabi (University of Pennsylvania)

Dealer 'Quid Pro Quo' Shapes Bond Markups, Paper Says.

An academic investigation into "reciprocity" among broker-dealers in secondary market trading has found that larger dealer networks tend to boost liquidity and competition while smaller networks bring higher markups for customers and raise questions about collusion.

Presented Wednesday at the Brookings annual municipal finance conference, the paper, "Dealer Quid Pro Quo in the Municipal Bond Market," examines "favor trading" among dealers who form networks to trade municipal bonds.

The authors were interested in investigating how the characteristics of dealer networks affected trading prices and found a "noticeable gap in examining reciprocal relationships among dealers," the paper said.

"Does reciprocal 'favor trading" help liquidity or enable rent extraction?" asked Casey Dougal, an associate professor in the Department of Finance at Florida State University's College of Business and one of the authors, who presented the paper at the conference.

Dougal co-wrote the paper with Daniel Rettl and Vasiliy Yakimenko, both from the Department of Finance at the University of Georgia's Terry College of Business.

"Most of the time, dealer cooperation, grounded in a system of favors, reduces markups and passes along the savings to customers," Dougal said. "For the most part, 98% of the time these relationships are really beneficial to customers," he said. "Some of the time it looks like there's some collusion going on," he said.

"That's kind of a strong word," he added. "We didn't observe the dealer identities, so it's a shortcoming of our study," Dougal said. But "we think that probably more investigation into those groups of traders might be warranted."

The paper finds that among high-centrality dealers in large communities, high reciprocity lowers average markups by 80 basis points.

Among low-centrality dealers in small communities, reciprocity raises markups by 72 basis points, raising questions of collusion.

High-centrality refers to firms that "occupy central positions and have more connections."

The "small cohort of highly reciprocal, peripheral dealers" tend to "operate in networks roughly one-sixth the size of other peripheral dealers, but their transaction chains are nearly twice as long, indicating repeated trading within the same closed circle," the paper said.

"Their transactions also feature slightly smaller trade sizes and bonds with more complex contractual features, consistent with a strategic focus on retail investors, who are more susceptible to cognitive biases or limited financial literacy."

The colluding dealers may be operating in "niche markets" where pricing and trading are "more challenging, leading to longer chains and justified higher markups due to increased risk, effort, and the value of their specialized services," the authors said.

The study also found a higher incidence of "anomalous trading and strategic pricing" by those dealers. "We find their deals have an unusually high incidence of "round-trip" chains in which the initiating and concluding dealers are identical, raising concerns about pump-and-dump strategies that shift costs onto retail investors."

The authors used Municipal Securities Rulemaking Board data to study 40 million intra-day municipal bond trades between 2014 and 2018.

The paper "identifies a new force that is quite strong in dealer networks," said Ivan Ivanov of the

Federal Reserve Bank of Chicago, who discussed the paper at the conference. “The authors find that reciprocity does play a role, both at the core of the dealer network and also on the outside, so this is very key.”

Ivanov suggested that the sample time should be expanded since muni trading has changed “immensely” since 2018. It’s unclear what role electronic trading, for example, plays in interdealer trading chains and whether alternative trading systems could mask as reciprocity, he said.

All markup costs have fallen “a ton over time,” Ivanov said, which appears to be due to the role of the ATS.

The suggestion of strategic trading among some of the dealers is a “strong claim,” Ivanov said. “I’m not saying it’s false,” he added. “But there’s a very high burden of proof.”

A broker-dealer in the audience took exception to the paper’s conclusions.

“From a practitioner’s standpoint, at a high level, this generally just doesn’t happen in the market,” he said.

“You have to take into perspective the eat-or-be-eaten mentality of broker dealers” whose highest goal is to place bonds directly with customers, he said. “There’s no feeling of reciprocity among the dealers; they really don’t like each other.”

“I know they don’t like each other, but maybe in a distressed period they’d like to be friends,” Dougal said.

“What you’re talking about is against the law,” the audience member responded.

By Caitlin Devitt

BY SourceMedia | MUNICIPAL | 07/24/25 10:07 AM EDT

NFMA 2026 Annual Conference - Call for Volunteers

Conference Co-Chairs Eric Kim and Jane Ridley are seeking volunteers for the 2026 Annual Conference Planning Committee. The Annual Conference will be held at the InterContinental Buckhead, Atlanta, Georgia May 12-16, 2026.

Click here for information required for application to this committee.

GFOA: Taking the Pulse of Local Government Finance

Just how widely adopted are the practices espoused by GFOA? This is an important question that did not have a good answer … until now. In summer 2024, GFOA partnered with Civic Pulse to conduct a national survey exploring how widely GFOA-recommended practices are adopted by local governments. With 497 responses from municipalities and counties across the U.S.—including both members and non-members—the survey offers new insight into the current state of public finance. Topics covered include the location of the budget function, financial planning time horizons, gaps

between aspirations and reality in budgeting, top concerns of budget officers, public engagement efforts, and self-evaluations of financial management. This summary report provides a snapshot of where local governments stand today and highlights opportunities for continued growth and support in the profession.

Download

Publication date: July 2025

MSRB: Performance of Municipal Bond Exchange-Traded Funds During April 2025

Read the MSRB report.

MSRB Announces Agenda Topics for Quarterly Board Meeting.

Washington, DC – The Board of Directors of the Municipal Securities Rulemaking Board (MSRB) will meet on July 23-24, 2025, to hold the fourth and final quarterly meeting of fiscal year 2025. The Board will vote to approve MSRB's proposed FY 2026 budget and the filing of an amended Rate Card with the SEC for calendar years 2026-2029. The Board will also hold FY 2026 officer elections for MSRB Board Chair and Vice Chair and elect four new Board members.

Additional highlights of the Board discussion will include:

Market Regulation

The Board will discuss several regulatory initiatives and receive updates on MSRB's ongoing retrospective rule reviews, including:

- Rule G-27 Request for Comment: Consider publishing a request for comment on draft amendments to provide more flexibility in connection with dealer supervision requirements.
- Retirement of Financial Advisor Terminology: Consider publishing a request for comment on draft amendments to replace use of the term "financial advisor" in MSRB rules to "municipal advisor."
- Open Contractual Commitments: Discuss industry efforts in connection with communications to facilitate removal of open contractual commitment charges for syndicate members.

Market Transparency and Market Structure

The Board will address initiatives designed to facilitate an effective, well-functioning market, including:

- The modernization of the Electronic Municipal Market Access (EMMA) website and related market transparency systems.
- An update on recent municipal market activity and current MSRB research.

NFMA Comment Letter to GASB.

On June 24, the NFMA submitted a comment letter on the Governmental Accounting Standards Board's Preliminary Views, Severe Financial Stress and Probable Dissolution Disclosures. To read the letter, click here or go to Resources/Comments to GASB.

National Federation of Municipal Analysts

June 24, 2025

Proposed Rule Changes to Amend FINRA Rule 6730 (Transaction Reporting) and Rule G-14 RTRS Procedures Under MSRB Rule G-1: SIFMA Comment Letter

Summary

SIFMA and SIFMA AMG provided comments to the U.S. Securities and Exchange Commission (SEC) regarding FINRA and the MSRB's amendments to their rules regarding the reporting of transactions of certain fixed-income products under Rules 6730 and G-14, respectively (collectively, "the 2025 Proposal").

Read the SIFMA Comment Letter

GASB Provides Guidance to Assist Stakeholders With Application of Its Pronouncements.

Norwalk, CT, June 23, 2025 — The Governmental Accounting Standards Board (GASB) today issued implementation guidance in the form of questions and answers intended to clarify, explain, or elaborate on certain GASB pronouncements.

Implementation Guide No. 2025-1, *Implementation Guidance Update—2025*, contains new questions and answers that address application of GASB standards on leases, accounting changes and error corrections, conduit debt obligations, cash flows reporting, compensated absences, and financial reporting model improvements. The guide also includes amendments to previously issued implementation guidance related to ownership of an asset and governmental fund type definitions.

The GASB periodically issues new and updated guidance to assist state and local governments in applying generally accepted accounting principles (GAAP) to specific facts and circumstances that they encounter. The guidance is developed based on:

- Application issues raised during due process on GASB pronouncements,
- Questions it receives throughout the year, and
- Topics identified by members of the Governmental Accounting Standards Advisory Council and other stakeholders.

The guidance in Implementation Guides is cleared by the Board and constitutes Category B GAAP. The guide is available to download free of charge on the GASB website, www.gasb.org.

NFMA's RBP in Disclosure for Public Power Electric Utilities & Joint Action Agencies Released

Recommended Best Practices in Disclosure for Public Power Electric Utilities & Joint Action Agencies

June 2025.

Regulators to Hold Outreacch Event for Municipal Market Professionals.

Washington D.C. — The Municipal Securities Rulemaking Board (MSRB), Securities and Exchange Commission and FINRA today announced that registration is now open for the 2025 Joint Compliance Outreach Program, a two-day event to discuss compliance and regulatory matters directly with municipal market professionals. **The program will be held virtually via Zoom on November 18 and 19.**

The event gives market professionals the opportunity to share perspectives on how firms are evolving and responding to business, regulatory, and technology matters. This year's program provides practical and tailored discussions addressing top concerns and interests among municipal securities dealers and municipal advisors, including conflicts of interest, broker-dealer primary offering and pricing practices, compliance concerns, and other key municipal market topics.

"The Compliance Outreach Program is dedicated to discussing regulatory challenges in the municipal securities market," said Dave Sanchez, Director of the SEC's Office of Municipal Securities. "Interacting with panelists and members of the public on compliance concerns and emerging issues helps regulators create a more efficient regulatory environment for the municipal securities industry."

"We look forward to hearing from dealers and municipal advisors about opportunities and challenges in meeting their regulatory obligations in the evolving municipal securities market," said MSRB Chief Regulatory and Policy Officer Ernesto Lanza. "Insights from this program will inform our retrospective rule review, which is an ongoing assessment of our rules to modernize requirements, reduce undue burdens and facilitate innovation."

"The Compliance Outreach Program fosters essential dialogue between regulators and municipal securities firms," said Michael Solomon, Executive Vice President of Examinations and Membership Application Program at FINRA. "We are pleased to partner with the SEC and MSRB to offer meaningful conversations where municipal market professionals not only hear from their regulators but also work with them to advance this crucial market."

Municipal market professionals can submit questions and topics of interest in advance of the event by emailing sessionquestions@finra.org. A recording of the event will be archived for later viewing on the SEC website.

Date: June 25, 2025

Contact:
Aleis Stokes, Chief External Relations Officer
202-838-1500
astokes@msrb.org

An Ever-Evolving Citadel for Public Finance.

Now 25,000 members strong, financially secure and long blessed with thoughtful leadership, the Government Finance Officers Association is poised to address the challenges to come for those who manage the public purse.

For most people, the inner workings of government finance are about as interesting as their dishwasher's owner's manual. But it's safe to say that none of the various national associations of public service professionals has had a broader impact on a core function of society — the nurturing and protection of the public purse — than the Government Finance Officers Association (GFOA). Getting the money right enables everything else.

Long recognized as a powerhouse of professionalism, as GFOA advances well into its second century its leaders are moving with admirable determination to position it for the challenges to come, not least of them the impact of artificial intelligence on everything from budgets and staffing to financial reporting and pension operations.

Founded in 1906 in Chicago as the National Association of Comptrollers and Accounting Officers, then in the early 1930s renamed the Municipal Finance Officers Association, in 1984 it rebranded itself with its current title. GFOA's membership includes U.S. and Canadian public finance professionals, most of them from local governments and agencies but also including state and provincial financiers. It's a nonpartisan organization with a lean and skilled staff operating in Chicago and a legislative office in Washington, D.C.

Continue reading.

governing.com

OPINION | June 24, 2025 • Girard Miller

New GFOA Research: Rethinking Materiality in Government Accounting

This report suggests local governments are often overly cautious about what counts as "material," adding unnecessary cost and complexity to financial reporting. By shifting the focus to decision-useful accuracy rather than exhaustive precision, the profession can streamline reporting, save staff time, and maintain public trust.

Download

Stefanik Asks SEC to Investigate Harvard Bond Offering.

Takeaways

- Representative Elise Stefanik called on the SEC to investigate Harvard University's recent bond sale, alleging the school may have withheld material information from investors about its standoff with the federal government.
- Harvard sold $750 million of taxable bonds on April 9 and later issued a supplemental disclosure on April 15, revealing its rejection of the federal government's demands and listing risks related to an ongoing conflict with the Trump administration.
- Stefanik also asked the SEC to investigate the "risks associated" with Harvard's holdings in private equity, venture capital, and real estate.

Continue reading.

Bloomberg Markets

By Lydia Beyoud, Amanda Albright, and Nicola M White

June 17, 2025

NFMA June Newsletter.

The NFMA's Municipal Analysts Bulletin, Vol. 35, No. 2, has been published. In addition to the Letter from the Chair, and reports from committees and societies, there are photos from this year's conference in San Antonio.

Click here to download the June 2025 edition.

National Association of Municipal Analysts

Authorities Reverse One-Minute Fixed Income Reporting Requirements.

Requirements for trades to be reported within one minute have been reversed just months after their approval after concerns were raised around the negative implications, operational burdens and lack of material improvements that the shortened window would provide.

In September 2024 the SEC approved the Municipal Securities Rulemaking Board's (MSRB) amendments to transaction reporting requirement Rule G-14, shortening the reporting timeframe to one minute for municipal securities transactions. On 6 March, following industry consultation, the MSRB stated that it would not set an effective date for the amendments to come into force.

Market participants raised concerns that the updated requirements may not be feasible on a near-term basis, citing operational upheaval and issues around how both partially manual and fully automated trades would be handled.

On the rescindment, Leslie Norwood, managing director, associate general counsel and head of municipal securities at the Securities Industry and Financial Markets Association (SIFMA), commented, “The fixed income markets – including the municipal securities market – remain predominantly over-the-counter, where elements of trading and post-execution processing rely on manual processes, or are subject to still developing and non-comprehensive automation.

“An across-the-board one-minute reporting requirement is not feasible due to the lack of full post-trade automation stemming from the importance of bilateral negotiation in many fixed income markets.”

Elements of the G-14 amendments will remain, including the focus of examination and enforcement on patterns of failures rather than isolated cases and the requirement that trades are reported “as soon as practicable”.

On the latter, a review of trade reporting data from 2022 to 2024 surmised that mandating as soon as practicable trade reporting may improve market pricing availability and overall average reporting times.

In its latest filing, the board said, “The MSRB believes that the 2024 Amendments, as modified by the proposed rule change, would serve to continue to enhance market transparency without the potential compliance burdens and costs associated with the one-minute reporting requirement and the use of a special condition indicator for trades with a manual component.”

Also removed from the regulation are intra-day exceptions for dealers with limited trading activity and trades with a manual component, and the need to differentiate trades with a manual component.

Norwood continued, “We are also pleased to see the MSRB remove the manual trade flag and the two exceptions which were part of the recent revisions to the rule.”

The MSRB’s decisions align it with the Financial Industry Regulatory Authority (FINRA), which filed documents with the SEC in February proposing that transaction reporting Rule 6730 maintain its 15-minute outer limit timeframe for TRACE-eligible trades.

Chris Killian, managing director for securitisation and corporate credit at SIFMA, stated, “this trade reporting framework appropriately balances the need for market transparency with the operational realities of the over-the-counter (OTC) fixed income markets.”

FINRA previously filed documents in 2024 stating that faster reporting would improve price formation, reduce costs and increase liquidity.

The authority has also proposed changes to Rule 6730 to allow members who are both broker-dealers and investment advisors to report allocations of aggregate orders in a single trade report. This will streamline reporting, it suggested, and improve transparency.

“We will review the aspect of the proposal regarding reporting of allocation trades and provide comments to FINRA, but as an initial matter, are pleased to see FINRA’s attention to this issue which has long burdened dual-registered firms,” Killian concluded.

fi-desk.com

The Good, The Bad, and the Super Slow: Examining the Timeliness of Municipal Bond Audits for Audit Year 2023

An overview of municipal bond audit timeliness that analyzes trends in audit completion speeds and performance insights across issuers for the 2023 audit year.

COLORADO SPRINGS, CO, UNITED STATES, June 11, 2025 /EINPresswire.com/ — Merritt Research Services, an Investortools Company, in partnership with the University of Illinois Chicago's Government Finance Research Center (GFRC), today published its annual Audit Time 2023 Report, "The Good, The Bad, and the Super Slow," examining the speed and efficiency of municipal bond audit completion. Drawing on nearly 12,000 municipal bond audits sourced from the Merritt Research Services database found in CreditScope, this report reveals that the median audit time across all municipal bond sectors has increased by 10.6%, from 151 days in 2012 to 167 days in 2023, marking a slowdown of 16 days over the past decade.

Despite the peak accountant shortage in 2023, the study found a modest improvement in audit timeliness year-over-year: median audit times edged down slightly from 170 days in 2022 to 167 days in 2023. Revenue bond issuers continue to outperform their governmental counterparts, completing audits more rapidly on average. However, a cohort of issuers, those yet to file their 2023 audits as of May 5, 2025, exhibited persistently long delays, reflecting patterns of late reporting stretching back through 2021 and 2022.

The report spotlights extreme cases of delayed filings: both Illinois and Nevada remain over 700 days past their fiscal year-end without submitting their 2023 audits, establishing a new record for state-level lateness outside of territories. Such prolonged lags can hinder investor confidence and impede accurate credit evaluation in the municipal market.

"Timely audits are the backbone of transparency and fiscal stewardship in municipal finance," says Richard A. Ciccarone, President Emeritus of Merritt Research Services. "Our analysis underscores both commendable best practices and areas where urgent improvement is needed to protect stakeholders and maintain market integrity. We're proud to leverage CreditScope's expansive database to shine a light on trends that drive better governance."

To recognize and encourage timely transparency, Merritt has been tracking and reporting on the completion and signing times of municipal bond-related audits since 2007. Starting in 2022, Merritt has partnered with the GFRC to further this effort.

The full Audit Time 2023 Report is available here.

US Regulators Seek Rollback of 1-Minute Bond Trade Reporting.

(Bloomberg) — US financial regulators want to roll back measures introduced during the Biden administration that slashed some fixed-income trade reporting to just one minute, calling for the abandonment of a planned shift away from the 15-minute status quo for disclosing many bond transactions.

The Financial Industry Regulatory Authority and the Municipal Securities Rulemaking Board proposed going back to the longer time frame to address industry concerns that were raised after the 1-minute deadline was approved in 2024.

The Securities and Exchange Commission, which oversees the two self-regulatory organizations, had approved the rules to speed up trade reporting for corporate bonds, asset-backed securities and some mortgage-backed securities under former Chair Gary Gensler. The rule changes hadn't gone into effect yet.

Big banks in particular disliked the measure, which was intended to bring greater bond pricing transparency for investors and reflect technological advances since the 15-minute deadline was introduced.

The Bond Dealers of America said in a statement the return to the status quo would allow financial institutions to "shorten trade reporting times organically without a regulatory mandate."

The regulators noted in their proposals that although the vast majority of fixed-income trades were reported in less than one minute, bigger trades above $5 million and dealers who report a small number of trades per year often take longer to report.

Bloomberg Markets

by Lydia Beyoud

Wed, June 11, 2025

Chicken Fat-to-Fuel Project Is the Latest Green Muni Bond to Default.

- A Mississippi facility that raised $22 million in securities to convert poultry waste into biodiesel has defaulted on its bonds, marking at least the second green bond default in the muni market this month.
- The default is a sign of risk in bonds sold by local and state governments to finance private projects for energy and recycling plants carrying a green label, with one-third of 49 industrial development bonds defaulting in the last five years being marketed as green bonds.
- Almost 10% of roughly $10 billion bond green industrial development or solid waste bonds are in default, with the average 10-year annual default rate for municipal bonds rated by Moody's being 0.15% from 1970 through 2023.

A Mississippi facility that raised $22 million in securities to help convert poultry waste into biodiesel has defaulted. That marks at least the second green bond default to hit the muni market this month.

The tax-exempt bonds with an 8% coupon were sold by the Mississippi Business Finance Corp. in December 2022 on behalf of Alden Group Renewable Energy. UMB Bank, which is the trustee for bondholders, said the borrower failed to make a June 2 interest payment. Earlier this month, about $40 million of green municipal bonds issued to build a cow manure-to-natural gas facility on a Wisconsin farm also defaulted.

Bonds sold by local and state governments to finance private projects for energy and recycling plants carrying a green label are risky, according to Municipal Market Analytics. One-third of 49 industrial development bonds to disclose a first time payment default in the last five years were marketed as green bonds, said Matt Fabian, a partner at the research firm.

"The takeaway for investors is to be a bit more careful with bonds that resort to green labeling as they may be stretching to attract investors," Fabian said in an email. That could suggest weakness in

their economic profile “or another risk not obvious on the surface.”

Almost 10% of roughly $10 billion bond green industrial development or solid waste bonds are in default, according to data compiled by Bloomberg. From 1970 through 2023, the average 10-year annual default rate for municipal bonds rated by Moody’s was 0.15%.

Alden’s Mississippi renewable energy facility isn’t the only one in trouble. In January, local television station KTUL reported that an Alden facility in Tulsa, Oklahoma was closing.

Alden Group is a unit of Spring, Texas-based Jefferson Enterprise Energy, LLC. Jefferson’s founder and Chief Executive Officer Al Salazar died in October from cancer, according to a securities filing.

Neither Richard Thayer, Alden Group’s president nor Michael Slade, a senior vice president at UMB, responded to a request for comment.

In a June 12 filing, UMB said it was working with Alden and majority bondholders on the situation.

AllianceBernstein Holding LP owned all of Alden Group’s bonds for the Mississippi project as of April 30, according to data compiled by Bloomberg. Carly Symington, a spokeswoman for AllianceBernstein didn’t respond to a request for comment.

Bloomberg Markets

By Martin Z Braun

June 13, 2025

MSRB Rescinds One-Minute Trade Reporting Standard, Responding to Industry Feedback and Concerns.

Washington, D.C. – The Municipal Securities Rulemaking Board (MSRB) today announced that the Board approved filing amendments to Rule G-14 to rescind previously approved, but not yet effective, rule provisions so that the existing 15-minute trade reporting standard would be retained. This follows the March 6, 2025, announcement by MSRB that it would not set an effective date for the rule amendments that the SEC approved in September 2024 in order to make substantive changes to the transaction reporting requirements.

“MSRB’s decision to rescind the one-minute trade reporting deadline under Rule G-14, and to revert to the existing 15-minute standard, comes after months of dialogue and engagement with market participants,” MSRB President and CEO Mark Kim said. “Updated data on reporting timeframes since the initial trade data analysis from the 2022 filing, together with certain implementation issues raised by stakeholders, suggested that the recently approved amendments were not necessary to improve market transparency.”

The Board’s action also follows FINRA’s notice in February 2025 to amend its own similar rule for trade reporting of Trade Reporting and Compliance Engine (TRACE)-eligible securities under FINRA Rule 6730. MSRB’s shared goal with FINRA has been to maintain regulatory consistency across the corporate and municipal bond markets in trade reporting.

Certain aspects of the amendments approved in September 2024 would be retained, including

provisions requiring that trades be reported “as soon as practicable” and that dealers adopt policies and procedures in connection with this requirement. These changes were broadly supported by market participants commenting on the September 2024 amendments and would be consistent with the same requirements for trade reports to TRACE under existing FINRA rules.

In addition, Rule G-14 would retain language added in the September 2024 amendments designed to focus examination and enforcement efforts primarily on “patterns or practices” of trade reporting failures, rather than isolated cases of late reporting, as well as certain clarifying language designed to improve the understandability of existing reporting requirements.

“Streamlining our rules by rescinding unnecessary provisions makes good on MSRB’s promise to modernize our rulebook and eliminate undue compliance burdens on the industry,” MSRB Board Chair Bo Daniels said.

Date: June 09, 2025

Contact:
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Proposed Rule Change to Amend MSRB Rule G-14 RTRS Procedures.

Read the MSRB SEC filing.

Failed Muni Bond Draws FBI and Sparks ‘Ponzi-Like Fraud’ Claims.

When a $4 billion development project soured in a sleepy Connecticut town, the lawsuits followed.

Before the lawsuits started piling up in courtrooms across Connecticut, before his employer accused him of running a “massive Ponzi-like fraud,” and before the FBI showed up, Robert Cappelletti looked well on his way to pulling off one of the greatest muni-bond coups of all time.

The plan Cappelletti had put together was so audacious it bordered on the fantastical. The housing agency he ran in Groton, a sleepy town of some 40,000 people along Connecticut’s Thames River, would sell $750 million of bonds to jumpstart a $4 billion project to transform a bunch of run-down shopping plazas into a sprawling, up-scale development. There’d be a new train station, a hospital, almost 2,000 apartments and dozens of shops and restaurants.

It would have been the biggest local bond issue in the state’s history and expanded the tiny Groton agency far beyond its role managing two apartment complexes.

And yet Cappelletti — a part-time employee with a mixed record running other housing agencies in the state — breezed through a series of crucial steps needed to complete the sale. He got approval from the five-person board that runs the agency; crafted a brief financial projections statement; scored an investment-grade bond rating; and started the process of lining up buyers for the debt.

Continue reading.

Bloomberg Markets

By Martin Z Braun and Maggie Eastland

June 7, 2025

SEC Charges Municipal Advisor with Failing to Register with the Commission.

May 30, 2025 – The Securities and Exchange Commission today announced settled charges against Canada-based Agentis Capital Advisors General Partnership, fka Agentis Capital Advisors, for failing to register as a municipal advisor.

The SEC's order finds that from December 2020 through February 2023, Agentis provided consulting services to six private sector entities engaged in public-private partnerships (also referred to as "P3s") in the United States, in connection with six municipal securities issuances. A portion of those services included advice on the structure, timing, and terms of the issuances, which constituted municipal advisory services. Through these issuances, Agentis' clients raised over $1.9 billion. Agentis was not registered as a municipal advisor when it provided these services.

The order finds that Agentis willfully violated the registration requirements of Section 15B(a)(1)(B) of the Securities Exchange Act of 1934. Without admitting or denying the order's findings, Agentis consented to a cease-and-desist order, a censure, and a civil penalty of $100,000.

The investigation was conducted by Cori Whitten, Warren Greth, and Joseph Chimienti, and supervised by Ivonia Slade and Rebecca Olsen, all of the Enforcement Division's Public Finance Abuse Unit.

ADMINISTRATIVE PROCEEDING

File No. 3-22479

Father And Son Plead Guilty To Defrauding Sports Park Bondholders - U.S. Attorney's Office, Southern District of New York

Jay Clayton, the United States Attorney for the Southern District of New York, announced today that RANDY MILLER and CHAD MILLER pled guilty to securities fraud and aggravated identity theft in connection with their scheme to defraud municipal bond investors. The defendants pled guilty before U.S. Magistrate Judge Robyn F. Tarnofsky and will be sentenced before U.S. District Judge Lewis A. Kaplan at a later date.

> "Randy and Chad Miller's fraudulent actions resulted in nearly total losses for investors," said U.S. Attorney Jay Clayton. "As today's guilty pleas make clear, this Office remains committed to protecting the integrity of the public finance system and holding accountable those who exploit investors' trust. This case demonstrates the strength of our partnership with the FBI, whose diligent investigation uncovered the defendants'

fraud."

According to the allegations contained in the Indictment, the Superseding Information, public filings, and statements made in court:

RANDY MILLER and CHAD MILLER defrauded investors in municipal bonds used to fund the development of a major sports complex in Mesa, Arizona called Legacy Park. In connection with the initial $250 million bond offering in August 2020 and supplemental bond offering in June 2021, the defendants lied to potential investors about the interest sports organizations and other potential customers had in using or relocating to Legacy Park. The defendants and their associates forged and altered purported "binding" letters of intent and other documents from those potential customers to make it appear that the customers were committing to holding many events at Legacy Park, with a significant number of spectators, and agreeing to pay large fees – all far beyond what the organizations were considering, if they were considering Legacy Park at all. In some instances, RANDY MILLER and CHAD MILLER signed and directed others to sign customers' names without the customers' knowledge or permission. At other times, the defendants copied and directed others to copy the signatures of other customers onto the fabricated letters, again without the customers' knowledge or permission. As part of their scheme, the defendants forged documents on behalf of numerous persons and organizations, including an organization that promotes sports for disabled athletes.

RANDY MILLER and CHAD MILLER presented the fraudulent documents to prospective bond investors and incorporated them into their solicitation materials by claiming that Legacy Park would be 100% occupied at opening and would generate nearly $100 million in revenue in its first year of operations, more than enough to cover the bond payments.

After the Legacy Park bonds were sold to investors, RANDY MILLER and CHAD MILLER profited personally from the bond proceeds raised. Legacy Park opened in 2022 and failed shortly thereafter, defaulting on its bonds in October 2022 and filing for bankruptcy in May 2023. The project was later sold in bankruptcy for less than $26 million. Of those proceeds, less than $2.5 million went to repay the approximately $284 million owed to Legacy Park bondholders.

* * *

RANDY MILLER, 70, and CHAD MILLER, 41, both of Phoenix, Arizona, pled guilty to one count of securities offering fraud, which carries a maximum sentence of five years in prison, and one count of aggravated identity theft, which carries a mandatory consecutive sentence of two years in prison. As part of their guilty pleas, money judgments in the amounts of $7,289,134.89 and $4,798,980.19 were entered against RANDY MILLER and CHAD MILLER, respectively.

The maximum potential sentence in this case is prescribed by Congress and is provided here for informational purposes only, as any sentencing of the defendants will be determined by a judge.

Mr. Clayton praised the outstanding work of the Federal Bureau of Investigation. Mr. Clayton also thanked the U.S. Securities and Exchange Commission, which has filed a parallel civil action.

The case is being handled by the Office's Securities and Commodities Fraud Task Force. Assistant U.S. Attorneys Matthew R. Shahabian and Courtney L. Heavey are in charge of the prosecution.

us_v._randy_miller_and_chad_miller_superseding_information.pdf

Contact

Nicholas Biase, Shelby Wratchford
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Updated May 28, 2025

Sports Park Promoters Plead Guilty to $280 Million Bond Fraud.

A father and son from Phoenix pleaded guilty to defrauding several of the nation's biggest investment firms about the business prospects of a failed Arizona sports complex that wound up costing municipal bondholders more than $280 million.

Randy Miller, 70, and his son Chad, 40, entered their pleas Wednesday to securities fraud and aggravated identity theft in Manhattan federal court. Victims of the scheme included Vanguard Group Inc., AllianceBernstein Holding LP, Macquarie Group's Delaware Funds and others firms that invested in bonds linked to their Legacy Park development in Mesa.

The Millers were charged last month with using fabricated letters of intent and fake pre-contracts to claim that various organizations were lined up to use the park. Bloomberg had reported that the pair claimed in bond prospectuses that they had deals with British soccer powerhouse Manchester United and a youth affiliate of US Major League Soccer's Real Salt Lake. Those teams and others later denied signing up with the pair.

Continue reading.

Bloomberg Industries

By Chris Dolmetsch

May 28, 2025

SEC Speaks 2025: Key Takeaways from Division of Enforcement Panels

Key Takeaways

1. The SEC's Division of Enforcement intends to remain a "cop on the beat," and will refocus on traditional core enforcement areas, such as insider trading, accounting and disclosure fraud, market manipulation, and breaches of fiduciary duties by investment advisers.
2. The SEC will prioritize matters that involve harm to retail investors and dangerous foreign actors, with a renewed emphasis on pursuing charges against individuals engaged in misconduct.
3. SEC enforcement leadership supports more transparency during the pre-charge "Wells" process and pledged to meet with defense counsel at least once (if requested) before charges are instituted.
4. Registered entities can expect the Division of Enforcement to be less focused on exam deficiencies that lack any indication of fraud or harm to investors.
5. The Division of Enforcement has replaced its "Crypto Assets and Cyber" unit with a "Cyber and Emerging Technologies" unit, which will have a particular focus on the misuse of technology and/or terminology (e.g., "artificial intelligence") to generate excitement around investment

products or otherwise commit fraud.

Summary and Highlights

At the SEC Speaks 2025 conference, held in Washington, D.C., from May 19-20, 2025, senior Securities and Exchange Commission ("SEC") officials shared their observations on what the legal and business community can expect from the SEC's Division of Enforcement ("Division") in the years to come. Over the course of two panels1 dedicated to the Division, panelists discussed key enforcement trends and priorities, including the Division's renewed emphasis on individual liability, harm to retail investors, and dangerous foreign actors. The panelists also affirmed the Division's continued commitment to traditional enforcement priorities and cautioned the defense bar and the broader public to be skeptical of contrary dire predictions. In addition, the panelists explained some recent reorganization efforts and how these changes will facilitate the Division's work going forward. And the panelists provided the defense bar with guidance regarding effective legal advocacy, cooperation, and recommendations for dealing with the Division's staff during their investigations.

Continue reading.

Ropes & Gray LLP – R. Daniel O'Connor , James R. Drabick, Chimso Okoji and Noah P. Mathews

May 23 2025

SEC Enforcement Leadership Discusses New Priorities and Expectations.

On May 20, 2025, as part of the annual "SEC Speaks" program, the leadership of the U.S. Securities and Exchange Commission's (SEC) Division of Enforcement publicly discussed the enforcement priorities under new Chairman Paul S. Atkins. A panel of SEC enforcement personnel, including Acting Director of Enforcement Samuel Waldon and others, shed light on the current focus of enforcement activity under the SEC's new leadership and what the Division of Enforcement expects from companies and individuals involved in SEC investigations.

Focus on Traditional Enforcement Areas and Investor Harm

A theme among the panelists was that, despite some media reports to the contrary, the Division of Enforcement will continue its work under new leadership to enforce the federal securities laws and protect investors. Specifically, the panel explained that the SEC will continue to focus on traditional areas of enforcement, including (1) insider trading, (2) accounting and disclosure fraud, (3) fraudulent securities offerings, and (4) breaches of fiduciary duty by investment advisers.

Additionally, within those broad categories, the panel noted that enforcement staff will focus their resources on matters involving harm to investors, especially retail investors. The panel also emphasized the importance of holding individuals – not just companies – accountable for violations.

Continue reading.

by Timothy Halloran

May 22, 2025

Bradley Arant Boult Cummings LLP

Financial Accounting Foundation Board of Trustees Seeks Nominations for Governmental Accounting Standards Board (GASB) Member.

Norwalk, CT, May 19, 2025 — The Financial Accounting Foundation (FAF) Board of Trustees today announced the search for a new member of the Governmental Accounting Standards Board (GASB). The seven-member, part-time Board will have an open seat beginning on July 1, 2026, when Jeff Previdi completes his second term on June 30, 2026.

The FAF is responsible for selecting the members of the GASB and its Advisory Council, the Governmental Accounting Standards Advisory Council (GASAC). The Board of Trustees is seeking a highly qualified individual with substantial experience as a user of financial statements to fill the upcoming vacancy.

Beyond this specific professional background, interested candidates must demonstrate a track record of professional conduct that is conducive to the standard-setting process. Important traits include a high level of intellect that is applied with integrity and discipline; the ability to work in a collegial, consensus driven environment; excellent communication skills; and a commitment to advocate for the public interest.

The GASB is comprised of members with experience as state and local government financial statement auditors and preparers, a governmental financial statement user, a public accounting auditor, and a governmental accounting academic. The background and perspective of a state and/or local government user of financial statements is important to the success of the GASB.

The appointment is a part-time role that requires approximately one-third the time commitment of a full-time position. The successful candidate will be appointed to an initial five-year term and may be eligible for reappointment to an additional term of up to five years. A full job description and list of requirements can be found on the FAF website.

To apply for consideration, interested individuals should submit a resume and cover letter and/or CV, along with contact information for five (5) professional references to the attention of Maureen Barry, Senior Consultant, MGT at GovHRjobs.com.

Applications for interested candidates must be submitted by the close of business on July 18, 2025.

Public Finance Provisions in the House Tax Bill Impacting Municipal Market Participants: Greenberg Traurig

The House Committee on Ways and Means advanced a tax bill on May 14, 2025, as part of the budget reconciliation legislation aimed at enacting the Trump administration’s fiscal priorities. Notably, the proposed legislation does not eliminate or limit the exclusion of interest from gross income for federal income tax purposes for any class of municipal bonds. Among the proposed changes to current tax law, the bill includes provisions impacting the municipal market and its participants that would:

1. enhance the low-income housing tax credit,
2. increase the rate of, and the range of institutions subject to, the endowment tax added in 2017,
3. make technical amendments to the small issue manufacturing bond provisions, and
4. curtail the continued availability of clean energy credits for new projects.

Low-Income Housing

The bill proposes several changes to the low-income housing tax credit program, including:

- Temporarily lowering the tax-exempt bond-financing requirement for projects using the "4%" low-income housing tax credit to 25% of the project's aggregate basis, down from the current 50%. This lower threshold would apply to buildings placed in service after Dec. 31, 2025, where at least 5% of the financing is sourced from bonds issued between Dec. 31, 2025, and Jan. 1, 2030.
- Increasing the ceiling on housing tax credits allocable by states by 12.5% for calendar years 2026 through 2029.
- Raising the eligible basis for buildings placed in service between Dec. 31, 2025, and Jan. 1, 2030, by up to 30% for projects in rural and Indian areas, as defined under section 4(11) of the Native American Housing Assistance Self Determination Act of 1996.

Endowment Tax

The proposed legislation includes changes to the excise tax imposed on private colleges, universities, and foundations:

- Increasing the excise tax rate for private colleges and universities with endowments of more than $750,000 per eligible student from the current flat rate of 1.4% to an annual rate ranging between 7% and 21%, depending on the institution's student-to-endowment value ratio.
- Narrowing the definition of eligible students to those meeting the student eligibility requirements under section 484(a)(5) of the 7 Higher Education Act of 1965, generally limited to U.S. citizens and permanent residents.
- Including income derived from student loan interest and royalties from federally subsidized research in the calculation of net investment income subject to the excise tax.
- Exempting certain religiously affiliated colleges and universities from the endowment tax.
- Raising the excise tax rate on private foundations' net investment income from the current flat rate of 1.39% to an annual rate of up to 10% for private foundations with assets of at least $5 billion.

Small Issue Bonds

The bill proposes technical changes to Section 144 of the Internal Revenue Code to reflect updates made to the capitalization of certain startup costs.

Clean Energy Tax Credits

The bill aims to accelerate the phase-out and termination of various clean energy tax credit programs:

- Gradually phasing out the 48E Investment Tax Credit and 45Y Production Tax Credit starting in 2029, with full elimination by 2032.
- Repealing the transferability of credits for projects commencing construction after Dec. 31, 2027, and clean fuel production starting after the same date.
- Terminating tax credits for electric vehicles and chargers sold or placed in service after Dec. 31, 2025, with limited exceptions.

Next Steps

The reconciliation bill, including these tax provisions, will be consolidated by the House Budget Committee and subsequently reviewed by the Rules Committee before consideration on the House floor. Once passed, the bill will require approval by both chambers of Congress, with differences resolved before enactment. The legislative process may bring changes to these tax provisions.

Greenberg Traurig – Solomon Cadle, Vanessa Albert Lowry and Louis Couture

May 14 2025

GFOA Releases April Issue of Government Finance Review.

What's in the April Issue of GFR?

The latest issue of Government Finance Review features articles on our upcoming membership changes, an overview of effective project governance, updates on the latest PCI standards, insights into the art of writing fiscal notes, understanding new solutions for public-sector risk management, member spotlights, and much more. Don't miss the opportunity to stay informed and inspired.

Read Online

MSRB Market Recap.

Read the MSRB Recap.

May 8, 2025

Three Political Law Landmines for Hedge Funds, Private Equity Funds, and Investment Firms: Covington & Burling

Last year, an asset manager with offices in New York, Texas, and Vermont was publicly censured by the Securities and Exchange Commission and ordered to pay a substantial fine. Its offense? The asset manager hired an individual who had previously made a personal political donation to the campaign of a state official who appointed members to a board that could influence the investment decisions of one of the asset manager's current investors. Even though the individual made the contribution more than six months before joining the firm and even though the new hire received a refund for the offending contribution, that was not enough to stop the SEC from slapping penalties on the firm.

Perhaps no industry faces more scrutiny and regulation of its political activities than the financial industry. These rules are often not intuitive and failure to comply with them can result in big penalties, loss of business, and debilitating reputational consequences. This primer describes three sometimes overlooked risk areas for investment firms: (i) ensuring that covered employees and others affiliated with the investment firm do not make or solicit political contributions that result in

“pay-to-play” problems for the firm; (ii) identifying when investor relations activities trigger state or local lobbying registration requirements; and (iii) conducting political law due diligence on prospective investments and portfolio companies. For each risk area, this advisory outlines best practices for avoiding these common compliance traps.

Protecting Against a Potentially Crippling Pay-to-Play Violation

Most investment firms by now are aware of the complex pay-to-play regulations that restrict the ability of the firms and certain of their employees to make political contributions. But even firms well-versed in these restrictions might overlook some of the nuances and risks presented by this complicated patchwork of laws and regulations.

Continue reading.

Covington & Burling LLP – Zachary G. Parks and Derek Lawlor

May 8 2025

The Impact of Natural Disasters on Municipal Financing and Disclosure: Pullman & Comley

The wildfires in Southern California earlier this year were another sobering reminder of the devastating impact of natural disasters on local communities, and Connecticut is certainly not immune. Evidence suggests that both the frequency and severity of severe weather events in southern New England are on the rise, with recent examples including:

- August 2024’s extreme rainfall event in southwestern Connecticut, where more than 10 inches of rain fell in a 24-hour period;
- Fall 2024’s historic drought (the state’s driest two-month period in 120 years), which sparked brush fires across Connecticut; and
- Summer 2023’s Connecticut River flooding, which devastated riverfront agriculture just as harvest season was beginning.

Connecticut’s estimated flood-related losses were $469 million in 2020, and studies project that number to increase by 18 percent by the year 2050. A growing number of extreme weather events, coupled with rising sea levels, wetland loss, and coastal flooding, puts municipalities across the state at risk of significant damage to local infrastructure and economies. Damage from natural disasters can lead to long-term financial strain and disruption to municipalities as evidenced by:

- Decreased assessed value for property tax,
- Losses due to outflow of population,
- Direct damage to physical infrastructure,
- Higher costs related to providing emergency services,
- Higher insurance and claim costs, and
- Increased capital costs to build community resilience.

The financial strain can ultimately result in rating downgrades and increased bond yields because investors perceive higher risk in areas prone to such events and demand greater returns to compensate for potential losses. Although federal and state aid along with insurance proceeds often mitigate the financial impacts of natural disasters, many municipalities are taking steps to address

the increasing risk, including developing climate resiliency plans and implementing measures to protect infrastructure and communities. While the development and execution of these plans are important for municipal issuers, disclosure of such plans during a municipal financing is equally important for transparency, informed investment decisions, and ensuring the long-term financial stability of municipalities, as investors are increasingly demanding such data.

As stated in a recently released report by Ceres, a nonprofit organization that inspires companies and municipalities to advocate for policy solutions to global challenges: "[g]ood climate risk disclosure may become the 'price of admission' to capital market access. Strong disclosure is an opportunity for municipal governments to own the narrative on their preparedness as well as a means to be better prepared organizationally to meet these risks." The report recommends that adequate disclosure of climate related risks for municipal issuers may include:

- description of past weather events that had a material financial impact,
- statement of how climate risks could impact payment of debt service,
- identification of how planning for risk management and mitigation are organized and governed, and
- status and discussion of resiliency planning and description of current and future steps being taken to mitigate risks.

The National Federation of Municipal Analysts has made natural disasters and climate-related risks a major focus for 2025. A newly formed committee has been tasked with making additional recommendations in connection with both pre-event and post-event disclosure. Once the report is published and recommendations are available, municipal issuers can evaluate and adjust their disclosure practices, if necessary.

Pullman & Comley, LLC

by Daniel Barrack & Jessica Grossarth Kennedy

April 29, 2025

Investors Need Better Information On Municipal Climate Risks.

Cities across the country are facing a stark increase in extreme weather events.

From hurricanes to wildfires, the U.S. has endured 403 billion-dollar climate and weather disasters since 1980—leaving behind a trail of destruction that's cost the country more than $2.9 trillion. Earlier this year, the Los Angeles fires killed dozens of people and caused more than $250 billion in damages.

The loss of life and property from this fire is a harsh wake-up call for states and local governments, which are often called the first responders to these weather disasters. Yet, current disclosure of these risks in the $4 trillion municipal bond market remains inconsistent and inadequate. As a result, investors lack the information needed to make informed investment choices.

Nowhere is this gap clearer than in the recent Los Angeles Water and Power municipal bonds credit rating downgrades. This downgrade represents a fundamental shift in how the market assesses the risks and opportunities in the municipal bond market. For investors and municipal bond issuers alike, the message is clear: climate transparency is no longer optional, it's the price of admission to

capital markets.

Continue reading.

Forbes.com

By Mindy Lubber, Contributor.
Mindy Lubber is CEO and president of Ceres, a sustainability nonprofit organization.

Apr 24, 2025

Leading with Transparency: A Guide to Strengthening Climate Disclosure and Resilience in the Municipal Bond Market

As climate-related disasters become more frequent and costly, municipal governments are on the front lines—responsible for protecting communities, maintaining essential services, and investing in infrastructure that can withstand future risks.

This guide supports state and local governments in strengthening climate-related financial disclosures—an essential step in building resilience, accessing capital, and planning for long-term stability.

Why this matters:

- The $4 trillion municipal bond market is essential to funding resilience and disaster response.
- In 2023 alone, $508 billion in municipal bonds were issued.
- But climate risks are still under disclosed, despite mounting disasters and rising costs.
- 17% of U.S. counties currently face compound exposure to climate hazards like floods, hurricanes, and fires—which are only increasing.
- Wildfires in Los Angeles in 2025 caused $250 billion in damage—and led to bond downgrades for issuers with over $70 billion in outstanding debt.

This guide highlights:

- Practical steps for disclosing climate risks in financial statements, bond offering documents, and voluntary sustainability and climate action reports.
- Real-world examples from major municipal bond issuers including Boston, Seattle, Miami-Dade County, and others.

Download Report

ceres.org

April 8, 2025

MSRB Discusses Market Regulation and Transparency Initiatives at Quarterly Board Meeting.

Washington, D.C. – The Board of Directors of the Municipal Securities Rulemaking Board (MSRB) met on April 23-24, 2025, holding its third quarterly meeting of fiscal year 2025. The Board discussed its FY 2025 regulatory modernization and market transparency initiatives.

“MSRB’s continued efforts to engage with the industry and modernize its suite of rules through a retrospective rule review were front and center during our quarterly Board meeting,” MSRB Board Chair Bo Daniels said. “We appreciate the robust stakeholder engagement and response to our requests for feedback on both the rate card and municipal fund securities concept release and look forward to ongoing dialogue with the industry and moving both initiatives forward with the benefit of the public comments we received.”

Market Regulation

The Board discussed ongoing regulatory matters and retrospective rule reviews, including:

- **Rate Card Request for Information (RFI):** Reviewing public comments and stakeholder feedback on the rate card, along with discussing potential changes to the rate card to address stakeholder concerns, which include stability and predictability in MSRB’s fees, MSRB’s reserves and diversification of MSRB’s revenue mix.
- **Municipal Fund Securities (MFS):** An initial evaluation of comments received from market participants on a concept release regarding modernization of MFS disclosure prior to additional analysis, outreach and data gathering.
- **Market Infrastructure Rules:** Identifying areas within the MSRB rulebook that could provide opportunities for removing barriers to technological and product innovation in the municipal market and where MSRB could benefit from future extensive stakeholder feedback on modernization.
- **Rule A-12:** The Board approved additional technical amendments in connection with its previously approved forthcoming collection of information related to bank dealer associated persons.

Market Transparency

The Board received an update on the modernization of the Electronic Municipal Market Access (EMMA) website, and discussed feedback received from among the over 100 industry stakeholders who were invited to participate in the first round of beta testing.

Additionally, the Board received an update on current MSRB research and the ongoing policy discussions surrounding the tax-exemption of municipal bonds.

Date: April 25, 2025

Contact:
Aleis Stokes, Chief External Relations Officer
202-838-1500
astokes@msrb.org

Pension Plan Withdrawal Liability Takes Center Stage in Bankruptcy Judge's "Preliminary Observations" - Kramer Levin

A recent decision from the Bankruptcy Court for the District of Delaware in *In re Yellow Corp.* could have widespread implications for bankruptcy cases, including municipal bankruptcy cases. Of

particular interest, the Judge determined:

- Settlement of a claim to which a third party has filed an objection is subject to a heightened standard of review;
- The bankruptcy code's disallowance of post-petition interest applies to claims accelerated pre-petition;
- Where future payments include an interest component (either explicit or implicit), that component is disallowed as unmatured interest, but no further discounting is appropriate;
- The proper discount rate to use to calculate the present value of a pension withdrawal claim is the pension plan's assumed rate of return on assets; and
- The limitation on withdrawal liability applicable to an insolvent employer (ERISA section 4225(b)/29 U.S.C. § 1405(b)) undergoing liquidation or dissolution is applied after the application of the 20-year cap.

On Monday, April 7, 2025, Judge Craig T. Goldblatt published "preliminary observations" on a dispute between the Debtors, MFN Partners (which held both debt and equity), and various multiemployer pension plans on the amount of the pension plans' claims.[1] Judge Goldblatt was originally prepared to issue a decision on various motions for summary judgment that were before him, but after the Debtors and the Official Committee of Unsecured Creditors (the "UCC") requested that he hold off in light of the filing of a joint plan that would settle the dispute, he instead released his thoughts as preliminary observations.

Continue reading.

Kramer Levin Naftalis & Frankel LLP – Alice J. Byowitz

April 15 2025

MSRB Announces Agenda Topics for Quarterly Board Meeting.

Washington, DC – The Board of Directors of the Municipal Securities Rulemaking Board (MSRB) will meet on April 23-24, 2025, to hold the third quarterly meeting of fiscal year 2025.

Highlights of the Board discussion will include:

Market Regulation
The Board will discuss several regulatory initiatives and receive updates on MSRB's ongoing retrospective rule reviews, including:

- **Rate Card Request for Information (RFI):** Reviewing public comments and stakeholder feedback on the rate card.
- **Municipal Fund Securities (MFS):** Evaluating comments received from market participants on a concept release regarding modernization of MFS disclosure.
- **Market Infrastructure Rules:** Assessing MSRB rules that may be impacted by market innovations that could challenge traditional market structure and practices.

Market Transparency
The Board will receive an update on the modernization of the Electronic Municipal Market Access (EMMA) website, including feedback from the first round of beta testing by industry stakeholders about the value of EMMA's enhancements for investors and other market participants.

Additionally, the Board will receive an update on recent municipal market activity, current MSRB research and the ongoing policy discussions surrounding the tax-exemption of municipal bonds.

Date: April 16, 2025

Contact:
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What Counties Need to Know: ARPA SLFRF Reporting Deadline - NACO

Continue reading.

National Association of Counties

Apr 14, 2025

NLC FAQs: Meeting the ARPA SLFRF Reporting Deadline

As the April 30, 2025 reporting deadline for ARPA's State and Local Fiscal Recovery Funds (SLFRF) fast approaches, many local governments have questions about how to login to their accounts, properly report and ensure that they communicate that their funding was obligated by the 12/31/2024 deadline. Failure to submit a report by the April 30, 2025 deadline could result in adverse action from the U.S. Department of Treasury, including federal recapture of funds. Below, we provide answers to some of the most frequently asked questions (FAQs).

Why is the 2025 Reporting Extra Critical for Annual Reporters?

Since this is your city's first report since the 12/31/24 obligation deadline, what you report this April for obligations should be the balance of your total ARPA award, leaving outstanding obligations at $0.00. If you do not report your funding as fully obligated, you will need to return the unobligated funds back to the Department of Treasury. If you do not submit a report by April 30, Treasury will assume that the funding is unobligated.

Additionally, this is your last opportunity to claim the Standard Allowance/Revenue Replacement option for more flexible reporting.

Continue reading.

National League of Cities

By: Dante Moreno

April 8, 2025

New Guidance Outlines Best Practices for Municipal Bond Issuers Facing Growing Climate Threats.

As climate-related disasters become more frequent and costly, municipal governments are on the front lines—responsible for protecting communities, maintaining essential services, and investing in infrastructure that can withstand future risks.

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- Practical steps for disclosing climate risks in financial statements, bond offering documents, and voluntary sustainability and climate action reports.
- Real-world examples from major municipal bond issuers including Boston, Seattle, Miami-Dade County, and others.

Download Report

ceres.org

GFOA: Unlocking the Secrets of the Accelerated ACFR

Many local governments struggle to complete their Annual Comprehensive Financial Report (ACFR) on time and without excessive effort. This paper explores how governments can streamline the ACFR process to finish faster and with less strain—helping public finance officers avoid burnout and focus on other priorities.

Read report

Government Finance Officers of America

Potential Modernization of Municipal Fund Securities Disclosure Obligations: SIFMA Comment Letter

Summary

SIFMA provided comments to the Municipal Securities Rulemaking Board (MSRB) in response to the Concept Release regarding its Potential Modernization of Municipal Fund Securities Disclosure Obligations.

Read the SIFMA Comment Letter.

FINRA Fines Firm and Its CCO for Supervisory and Reporting Failures: Reed Smith

On March 24, 2025, United First Partners LLC ("UFP") and its Chief Compliance Officer, Elizabeth Dickerson ("Dickerson"), entered into a Letter of Acceptance, Waiver, and Consent ("AWC") with the Financial Industry Regulatory Authority ("FINRA") to resolve allegations that UFP and Dickerson failed to establish and maintain a reasonable supervisory system, including written procedures, designed to supervise the outside brokerage accounts of its registered representatives and restrict or limit the information flow between UFP's research department and its sales and trading personnel. The AWC also resolved allegations that UFP failed to report its eligible fixed income transactions to the Trade Reporting and Compliance Engine (known as TRACE) and customer municipal transactions to the Real-time Transaction Reporting System (known as RTRS), and that it sent inaccurate or incomplete confirmations to some of its customers in connection with options transactions.

Specific Supervisory and Reporting Failures According to FINRA, from April 2019 to June 2022, UFP and Dickerson permitted unrestricted interactions between the firm's research department and its sales and trading staff, including the regular circulation of draft research reports to sales and trading staff to obtain their input on, among other things, recommendations in the reports. Additionally, from March 2020 to March 2021, the peak of the COVID-19 pandemic, when Dickerson worked remotely, she failed to review statements associated with registered representatives' outside brokerage accounts, contributing to the firm's failure to detect and investigate trading in securities covered by the firm's research group by three employees. Dickerson also did not consistently review the annual compliance attestations of the firm's associated persons and failed to obtain compliance questionnaires from any of its representatives in 2021.

Pursuant to the AWC, UFP consented to a censure, a $215,000 fine, and an undertaking that it will implement a supervisory system, including written supervisory procedures, reasonably designed to achieve compliance with federal securities laws and regulations, rules of the relevant self-regulatory organizations, and to remediate the issues identified above, within 90 days of the AWC. Dickerson consented to a one-month suspension in her capacity as a principal and a $5,000 fine.

Compliance Lessons In addition to highlighting the longstanding obligation of member firms to maintain a reasonably designed supervisory system, policies, and procedures, the AWC underscores the importance of ensuring that such supervisory systems and written policies and procedures are implemented and enforced at all times, including during unprecedented globally disruptive events such as the COVID-19 pandemic. For example, FINRA found that UFP's written supervisory procedures failed to identify any steps to verify the receipt of duplicate statements for its representatives' outside brokerage accounts, or instructions on how compliance should review them. Dickerson was designated as the sole representative responsible for requesting and reviewing the duplicate statements; however, her review was sporadic and limited to just three to four accounts

(out of approximately forty) per month. FINRA determined that the review process was not reasonable given the volume of monthly statements and because it did not facilitate the identification of patterns or activity over time or across accounts.

The AWC is a reminder for member firms to review their supervisory systems and written supervisory procedures, and to ensure they are reasonably designed and consistently implemented and enforced at all times.

Reed Smith LLP – Pawel Maziarz, Kiran Somashekara and Daniel H. Ahn

April 4 2025

SEC Files Charges Against Three for Creating False Documents for Investors.

The Securities and Exchange Commission (SEC) has charged three individuals with creating false documents for investors.

The charges were filed against Randall "Randy" Miller, Chad Miller, and Jeffrey De Laveaga for creating false documents that were provided to investors in two municipal bond offerings. The bond raised $284 million to build one of the largest sports venues of its kind in the United States.

According to the SEC's complaint, Randy Miller's nonprofit company, Legacy Cares, issued approximately $284 million in municipal bonds through an Arizona state entity to finance the construction of a multi-sports park and family entertainment center in Mesa, Arizona. This was done in August 2020 and June 2021.

Investors were to be paid from revenue from the sports complex. They were given financial projections for revenue that were multiple times the amount needed to cover payments to investors, according to the complaint. However, the SEC alleges that the defendants fabricated or altered documents forming the basis for those revenue projections, including letters of intent and contracts with sports clubs, leagues, and other entities to use the sports complex.

The sports complex opened in January 2022 with far fewer events and much lower attendance than expected. And it generated tens of millions less in revenue than anticipated under the false projections. Ultimately, the bonds defaulted in October 2022, according to the complaint.

"As our complaint alleges, these defendants used fake documents to deceive municipal bond investors into believing a sports complex would generate more than enough revenue to make payments to bondholders," Antonia Apps, acting deputy director of the SEC's Division of Enforcement, said. "Maintaining the integrity of the approximately $4 trillion municipal bond market is critical for local governments and investors alike. The SEC will hold accountable individuals who defraud municipal bond investors."

The complaint, filed in the U.S. District Court for the Southern District of New York, charges Randy Miller, Chad Miller, and De Laveaga with violating the antifraud provisions of the federal securities laws. It seeks permanent injunctions, conduct-based injunctions, disgorgement with prejudgment interest, and civil penalties.

In a parallel action, the U.S. Attorney's Office for the Southern District of New York levied criminal charges for similar conduct.

financialregnews.com

By Dave Kovaleski | April 3, 2025

Sports Park Promoters Charged With $280 Million Bond Fraud.

A former minor-league baseball player and his father were charged with fraud over the failure of an Arizona sports complex that cost municipal bondholders more than $280 million.

Randy Miller, 70, and Chad Miller, 41, were accused in an indictment unsealed Tuesday in New York of forging documents and misrepresenting interest from professional sports teams to draw investors, including Vanguard Group Inc, AllianceBernstein Holding LP and Macquarie Group's Delaware Funds, to their Legacy Park development in Mesa, Arizona.

Manhattan federal prosecutors claim the Millers used fabricated letters of intent and fake pre-contracts to claim that various organizations were lined up to use the park. Bloomberg previously reported that the pair claimed in bond prospectuses that they had deals with British soccer powerhouse Manchester United and a youth affiliate of US Major League Soccer's Real Salt Lake.

Those teams and others later denied signing up with the Millers. Manchester United never authorized using the park as a US training ground, Andrew Ward, a spokesman for the team told Bloomberg News in 2023. Ward said the purported letter from the UK-based club that was included in a 2020 bond prospectus was fake. Real Salt Lake executive Brent Erwin also said a supposed letter by him was fake.

"Municipal bonds fund critical public projects and investors rely on accurate financial disclosures to make informed decisions," Acting Manhattan US Attorney Matthew Podolsky said in a statement. The US Securities and Exchange Commission on Tuesday also filed civil allegations against the Millers and Legacy Sports' former chief operating officer, Jeffrey De Laveaga.

Randy's attorney Timothy Sini didn't immediately return a voicemail seeking comment on the charges. Chad's attorney, Hector Diaz, had no immediate comment.

After failing years earlier to find financing for the sports park, the Millers in 2020 and 2021 looked to revenue-back municipal bonds through the Arizona Industrial Development Authority — a path that avoided the scrutiny and regulations attached to corporate stocks and bonds.

The Millers allegedly inflated projected revenues to raise hundreds of millions of dollars from bond offerings, using "at least hundreds of thousands of dollars" of that money for personal use on cars, property and increased salaries.

The 2020 prospectus for the first Legacy Park bond issue estimated that the complex would would bring in $23 million from 25 organizations. It said another 26 organizations — including Manchester United — had entered into similar "letters of intent" that promised $19 million more. The park, which opened in January 2022, never made enough to cover a bond payment and defaulted later that year.

Legacy Cares, a nonprofit set up by the Millers to own the 320-acre complex, filed for bankruptcy in May 2023, saying construction setbacks, labor shortages and supply-chain delays amid the pandemic delayed the park's opening, resulting in lost revenue. The facility, with a set of fields and courts for

soccer, football, baseball, basketball and other sports, was sold last October for $26 million. Bondholders received $2.4 million in cash and an 11% equity stake in the new owners.

More than half of the 50 organizations that the Millers said signed letters of intent or pre-contracts didn't sign them, prosecutors alleged. The vast majority of pre-contracts were fake, according to the indictment.

Bloomberg Industries

By Ava Benny-Morrison and Martin Z Braun

April 1, 2025

Father And Son Executives Charged With Defrauding Sports Park Bondholders.

Tuesday, April 1, 2025

U.S. Attorney's Office, Southern District of New York

Former Chairman and CEO Raised More Than $280 Million Using Forged Documents and Fake Revenue Projections
Matthew Podolsky, the Acting United States Attorney for the Southern District of New York, and Christopher G. Raia, the Assistant Director in Charge of the New York Field Office of the Federal Bureau of Investigation ("FBI"), announced today the unsealing of an Indictment charging RANDY MILLER, former Chairman and President of Legacy Sports, and his son, CHAD MILLER, former CEO of Legacy Sports, with engaging in a scheme to defraud investors of more than $280 million in two municipal bond offerings. RANDY MILLER and CHAD MILLER were arrested today and will be presented tomorrow in the U.S. District Court for the District of Arizona. The case has been assigned to U.S. District Judge Lewis A. Kaplan.

> Acting U.S. Attorney Matthew Podolsky said: "As alleged, Randy Miller and Chad Miller swindled investors out of over a quarter of a billion dollars by selling municipal bonds they knew were backed by forgeries and lies. Municipal bonds fund critical public projects and investors rely on accurate financial disclosures to make informed decisions. This Office is committed to protecting the integrity of the public finance system. When individuals abuse that system and investors' trust, we will hold them accountable."

FBI Assistant Director in Charge Christopher G. Raia said: "Fathers and sons have found shared bonds in sports for generation. Randy and Chad Miller allegedly chose to use a planned sports complex as a means to exploit and defraud investors. The Millers allegedly executed the scheme using fraudulent documents to lie about the status of the proposed project in order to raise hundreds of millions of dollars which they used to enrich themselves. The FBI will continue to ensure a level playing field by holding fraudsters accountable in the criminal justice system."

According to the allegations contained in the Indictment:[1]

From November 2019 through May 2023, RANDY MILLER and CHAD MILLER engaged in a scheme

to defraud investors in municipal bonds used to fund the development of a major sports complex in Mesa, Arizona called Legacy Park. The defendants worked together and with others to lie to potential bond investors about the interest sports organizations and other potential customers had in using or relocating to Legacy Park. The defendants and their associates forged and altered purported "binding" letters of intent and other documents from those potential customers to make it appear that the customers were committing to holding many events at Legacy Park, with a significant number of spectators, and agreeing to pay large fees – all far beyond what the organizations were considering, if they were considering Legacy Park at all. In some instances, RANDY MILLER and CHAD MILLER signed and directed others to sign customers' names without the customers' knowledge or permission. At other times the defendants copied and directed others to copy the signatures of other customers onto the fabricated letters, again without the customers' knowledge or permission. As part of their scheme, the defendants forged documents on behalf of numerous persons and organizations, including an organization that promotes sports for disabled athletes.

RANDY MILLER and CHAD MILLER presented the fraudulent documents to prospective bond investors and incorporated them into their solicitation materials by claiming that Legacy Park would be 100% occupied at opening and would generate nearly $100 million in revenue in its first year of operations, more than enough to cover the bond payments.

After the Legacy Park bonds were sold to investors, RANDY MILLER and CHAD MILLER used some of the proceeds to pay for personal expenses such as a home and SUVs. The defendants also paid themselves inflated salaries and withdrew hundreds of thousands of dollars in addition to their salaries.

While the defendants enriched themselves, Legacy Park struggled to survive. The park opened in 2022, but within months failed to generate enough revenue to make the monthly bond payments, and by October 2022 it was in default. On May 1, 2023, the project filed for bankruptcy and was later sold for less than $26 million. Of those proceeds, less than $2.5 million went to repay the approximately $284 million owed to Legacy Park bondholders. Accordingly, because of the defendants' fraud, bondholders were left with near total losses.

* * *

RANDY MILLER, 70, and CHAD MILLER, 41, both of Phoenix, Arizona, were both charged in the Indictment with one count of conspiracy to commit wire fraud and securities fraud, which carries a maximum term of five years in prison; one count of securities fraud and one count of wire fraud, each of which carries a maximum term of 20 years in prison; and one count of aggravated identity theft, which carries a mandatory minimum sentence of two years in prison.

The mandatory minimum and maximum potential sentences in this case are prescribed by Congress and provided here for informational purposes only, as any sentencing of the defendants will be determined by a judge.

Mr. Podolsky praised the outstanding work of the FBI. Mr. Podolsky also thanked the U.S. Securities and Exchange Commission, which has filed a parallel civil action.

The case is being handled by the Office's Securities and Commodities Fraud Task Force. Assistant U.S. Attorneys Courtney L. Heavey and Matthew R. Shahabian are in charge of the prosecution.

u.s._v._randy_and_chad_miller_indictment.pdf

SEC Charges Three Arizona Individuals with Defrauding Investors in $284 Million Municipal Bond Offering That Financed Sports Complex.

Washington D.C., April 1, 2025 —

The Securities and Exchange Commission today charged Randall "Randy" Miller, Chad Miller, and Jeffrey De Laveaga with creating false documents that were provided to investors in two municipal bond offerings that raised $284 million to build one of the largest sports venues of its kind in the United States.

As alleged in the SEC's complaint, in August 2020 and June 2021, Randy Miller's nonprofit company, Legacy Cares, issued approximately $284 million in municipal bonds through an Arizona state entity to finance the construction of a multi-sports park and family entertainment center in Mesa, Arizona. Investors were to be paid from revenue from the sports complex, and investors were given financial projections for revenue that were multiple times the amount needed to cover payments to investors, according to the complaint. However, the complaint alleges that the defendants fabricated or altered documents forming the basis for those revenue projections, including letters of intent and contracts with sports clubs, leagues, and other entities to use the sports complex. The sports complex opened in January 2022 with far fewer events and much lower attendance and generated tens of millions less in revenue than expected under the false projections, and the bonds defaulted in October 2022, according to the complaint.

"As our complaint alleges, these defendants used fake documents to deceive municipal bond investors into believing a sports complex would generate more than enough revenue to make payments to bondholders," said Antonia Apps, Acting Deputy Director of the SEC's Division of Enforcement. "Maintaining the integrity of the approximately $4 trillion municipal bond market is critical for local governments and investors alike. The SEC will hold accountable individuals who defraud municipal bond investors."

The SEC's complaint, filed in the U.S. District Court for the Southern District of New York, charges Randy Miller, Chad Miller, and De Laveaga with violating the antifraud provisions of the federal securities laws and seeks permanent injunctions, conduct-based injunctions, disgorgement with prejudgment interest, and civil penalties.

In a parallel action, the U.S. Attorney's Office for the Southern District of New York today announced criminal charges for similar conduct.

The SEC's investigation was conducted by William T. Salzmann, Jonathan Grant, Joseph Chimienti, and Creighton Papier and supervised by David Zhou and Rebecca Olsen of the Public Finance Abuse Unit. They were assisted by Steven Varholik of the San Francisco Regional Office. The litigation will be led by Jason Bussey of the San Francisco Regional Office, Mr. Salzmann, and Mr. Grant. The SEC's investigation is ongoing. The SEC appreciates the assistance of the U.S. Attorney's Office for the Southern District of New York and the FBI.

GASB Requests Input on Severe Financial Stress and Probable Dissolution Disclosures.

Norwalk, CT, March 31, 2025 — The Governmental Accounting Standards Board (GASB) issued a

Preliminary Views (PV) today for public comment on proposals associated with accounting and financial reporting for severe financial stress and probable dissolution disclosures.

The PV, *Severe Financial Stress and Probable Dissolution Disclosures*, is intended to set forth and seek comments on the Board's current views at a relatively early stage of the project. The objective of the project is to address issues related to disclosures regarding going concern uncertainties (GCU) and severe financial stress (SFS) with the intention of making clarifications and improvements to the existing GCU guidance to reduce diversity in practice and providing guidance for disclosures related to SFS.

The Board's Early Views

GASB's current guidance on going concern uncertainties was brought into the Board's literature without significant modification from the AICPA's literature and contains elements of both financial stress and continued existence. Pre-agenda research showed that stakeholders were unclear on what going concern means in the government context. Some governments get into financial difficulties but continue to exist and provide services. There are also governments that dissolve and cease to exist for reasons other than financial stress (for example, to realize greater efficiency and cost savings through governments merging or combining operations).

The PV seeks to separate the notions of financial stress and continued existence and sets out the Board's early thinking on issues associated with SFS and probable dissolution (PD) disclosures. SFS guidance would focus on a government's financial condition, regardless of whether there is uncertainty about its continued existence. The PD guidance would focus on the uncertainty about a government's continued existence, regardless of its financial condition.

If a government meets either the SFS or PD disclosure requirement, the government would be required to make certain disclosures related to the SFS or PD. In some cases, a government may meet requirements for both SFS and PD and would be required to make both sets of disclosures.

SFS Disclosures

A government would be required to make SFS disclosures if, as of the financial statement date, it is experiencing financial stress at such a degree that it is near or at the point of insolvency, regardless of whether it will continue to exist. The point of insolvency would be when a government generally is not paying its liabilities as they come due or is unable to pay its liabilities as they come due. A government near the point of insolvency would be experiencing a very high level of financial stress but would not be insolvent.

SFS disclosures would be the reasons and causes for the condition, the government's evaluation of the significance of those reasons and causes, the actions taken by the government in response, and the known effects of the condition.

PD Disclosures

A government would be required to make PD disclosures if it is probable that it will cease to exist as the same legally separate entity within 12 months of the date the financial statements are available to be issued, regardless of its financial condition. Relevant factors would be evaluated in the aggregate to determine the likelihood of the dissolution within the time frame.

The PD disclosures would be a statement that dissolution is probable; the reasons and causes for the PD; the government's evaluation of the significance of those reasons and causes; the actions taken by the government in response; and information about the recoverability, amounts, or classification

of assets and liabilities.

Share Your Views

Stakeholders are asked to review and provide input on the document by June 30, 2025. Comments may be submitted either through a comment letter or an electronic input form.

A series of public forums on the PV has been scheduled to enable stakeholders to share their views with the Board. Additional information on the public forums is available in the document.

GASB Staff Completes Study of GAAP Utilization Among U.S. State and Local Governments.

Norwalk, CT, March 24, 2025 — The Governmental Accounting Standards Board (GASB) has completed a study of the utilization of Generally Accepted Accounting Principles (GAAP) by state and local governments in the U.S.

The study identifies and categorizes state-imposed financial reporting requirements for state, county, municipal, and special district governments. In addition, the study includes a statistical model of the determinants of GAAP choice in the absence of a state requirement to utilize GAAP.

The GASB staff's working paper is titled, "Financial Reporting Requirements for State and Local Governments: Evaluating GAAP Choice."

A high-level graphical summary of the results are available here.

Recent SEC Corp/Fin Interpretations of Interest: Troutman Pepper Locke

Relevance of SEC Staff's Rule 506(c) Minimum Investment Amount Guidance

In new Compliance and Disclosure Interpretations (see CDIs 256.35 and 256.36) and a related no-action letter (Latham & Watkins LLP, March 12, 2025), the staff of the Securities and Exchange Commission's Division of Corporation Finance provided guidance on meeting the requirement under the Rule 506(c) safe harbor exemption from registration under the Securities Act of 1933 that an issuer take reasonable steps to verify the accredited investor status of purchasers. The guidance confirms that what are reasonable verification steps is a facts and circumstances determination and specifically that a high minimum investment amount (generally $200,000 for individuals and $1 million for entities), coupled with certain representations from the purchaser, is a relevant factor and could itself be sufficient.[1] The representations include that the investment was not financed in whole or in part by a third party for the specific purpose of making the particular investment. The issuer also cannot have actual knowledge indicating that a purchaser is not an accredited investor or that the representation regarding the absence of financing is incorrect. Rule 506(c) permits use of general solicitation to find investors if purchasers are limited to accredited investors, but it has had relatively limited use, in part because of the perceived burden on issuers and intrusiveness to investors from the verification requirement. The new guidance may eliminate this concern in cases where a high minimum investment is applicable.

The SEC staff's guidance focuses on the reasonable verification steps requirement of Rule 506(c), but it could have broader application. For example, Rule 506(b) permits an unlimited number of accredited investors to be purchasers without a disclosure requirement for those investors based upon an issuer's reasonable belief that an investor is accredited. If an issuer would satisfy the Rule 506(c) reasonable verification steps test, it likely would meet the reasonable belief standard. Outside of the Rule 506(b) and (c) exemptive safe harbors, a high minimum amount investment or, in the case of debt securities, high minimum denominations has generally been considered a relevant factor in assessing the availability of the statutory 4(a)(2) private offering exemption and the so-called 4(1 ½) private resale exemption as part of an overall assessment of an investor's sophistication and ability to bear the risk of the investment. The use of this factor in being satisfied that these exemptions are available can now find further support by analogy to the SEC staff's Rule 506(c) guidance.

Another place where the SEC staff's guidance may have relevance is in the private offering exemption from the official statement disclosure requirements for underwriters of municipal securities in Rule 15c2-12 under the Securities Exchange Act of 1934. Under 15c2-12(d)(1), primary offerings of municipal securities with $100,000 minimum denominations are exempt from the rule's disclosure requirements if the securities are sold to no more than 35 persons who the underwriter reasonably believes satisfy the sophistication test. Minimum denominations above the $100,000 amount might be a relevant factor in satisfying the reasonable belief of sophistication test.

Continue reading.

Troutman Pepper Locke – Stanley Keller, Rob Evans and David I. Meyers

March 28 2025

FINRA Proposes Single Rule to Replace FINRA Rules 3270 and 3280: Morgan Lewis & Bockius

FINRA has proposed a single, streamlined rule (the Proposed Rule) to replace FINRA Rule 3270 (Outside Business Activities of Registered Persons) and FINRA Rule 3280 (Private Securities Transactions of an Associated Person) (collectively, the Existing Rules). FINRA's stated goal for this proposal, described in Regulatory Notice 25-05, is to create a more efficient framework for tracking and, as required, supervising outside activities of registered persons and associated persons of FINRA member firms. Comments are due by May 13, 2025.

The proposal includes a flowchart to assist firms in understanding the Proposed Rule (Attachment B) and Q&As demonstrating the differences between the current and proposed frameworks in certain scenarios (Attachment C).

WHAT CHANGES DOES THE PROPOSED RULE MAKE?

The outside activities within scope of the Proposed Rule include "investment-related activities"—a helpful proposed change and clarification from the Existing Rules: [1]

- The term "investment-related activity" is defined in the Proposed Rule as "pertaining to financial assets, including securities, crypto assets, commodities, derivatives (such as futures and swaps), currency, banking, real estate or insurance."

> According to the proposal, the term includes, but is not limited to, "acting as or being associated with a broker-dealer, issuer, insurance agent or company, investment company, investment adviser, futures commission merchant, commodity trading advisor, commodity pool operator, ***municipal advisor***, futures sponsor, bank, savings association or credit union."

Continue reading.

Morgan Lewis & Bockius LLP – Amy Natterson Kroll, Kyle D. Whitehead, Nicole M. Alkire and Natalie R. Wengroff

March 25 2025

MSRB: A Comparison of Transaction Costs for Municipal Securities and Other Fixed-Income Securities

Read the MSRB publication.

NewEdge to Pay $1 Million For Misleading Bond Purchases, Off-Channel Comms: Finra

NewEdge Securities, the brokerage arm of hybrid firm NewEdge Capital Group, has agreed to a censure and pay just over $1 million in fines and disgorgement for misleading bond purchases and failing to preserve electronic communications, according to a settlement with the Financial Industry Regulatory Authority.

The sanctions include roughly $750,000 in disgorgement and a $275,000 fine, according to the settlement.

From 2018 to 2022, NewEdge submitted 194 orders for new issue municipal bonds without disclosing the orders were for its dealer account instead of retail clients, Finra said. The omission allowed NewEdge to jump the queue, since the issuers "typically prioritize sales of bonds to retail and institutional customers, who are likely to hold the bonds rather than quickly trade them, over broker-dealers seeking bonds for their own inventories," Finra said.

Those disclosure failures began with Mid Atlantic Capital Corporation, NewEdge's predecessor firm that it acquired in 2020 but continued after that deal had closed, Finra said. The violations were largely tied to a single unidentified representative who established the improper customer relationship with underwriters, according to the settlement.

The disgorgement amount reflects the "ill-gotten gains" NewEdge earned by quickly re-selling the bonds on the secondary market, according to Finra. The regulator charged the broker-dealer with failing to establish a proper supervisory system to detect the alleged violations.

A NewEdge spokesperson said that the firm was pleased to have resolved the matter and noted there was no customer harm or client assets misused. NewEdge Capital, the holding company for

NewEdge Wealth and an independent contractor channel, NewEdge Advisors, has around 450 advisors managing around $60 billion in assets, according to its website.

The issue “was isolated to a single representative’s management of personal assets within a legacy acquired division—an area no longer significant to our operations,” the NewEdge spokesperson added. “No NewEdge Capital Group client funds were at risk, no client assets were misused, and no clients were harmed.”

Finra also cited a recordkeeping violation noting that NewEdge failed “to preserve and review approximately 30,000 Bloomberg instant messages,” including those related to the bond purchases.

The Bloomberg instant message recordkeeping issue was “fully remediated over two years ago with enhanced compliance protocols implemented immediately at that time,” the spokesperson added.

The Finra disciplinary action against NewEdge comes just over one year after the firm agreed to a censure and to pay a $90,000 fine and almost $45,000 in restitution over alleged mispricing on bond trades.

Between June 2020 and March 2023, NewEdge allegedly charged “unfair prices” in 62 corporate bond transactions and six municipal bond transactions, Finra said in a March 2024 letter. It also failed to establish a supervisory system to ensure it was complying with its fair pricing obligations per the MSRB, the Finra settlement letter said.

advisorhub.com

by Miriam Rozen

March 24, 2025

Public Finance Municipal Bond, Disclosures and Tax Compliance Recap: Frost Brown Todd

Frost Brown Todd’s (FBT) Public Finance Practice Group hosted its annual Public Finance 360° Seminar on Feb. 20, 2025. Webinar topics included a 2025 municipal bond market update, financial disclosure considerations, and tax laws for bond issuances. This article provides a summary of each panel, along with key takeaways for borrowing entities, banks, and state and local government entities.

2025 Municipal Bond Market Update

This year’s municipal bond market update featured insights from financial advisors, underwriters, and traditional issuers, including Brian Carter, managing director at PFM Financial Advisors; Robin Redford, senior managing director at Ramirez & Co.; and Joe Glass, executive director and general counsel at the Indianapolis Local Public Improvement Bond Bank. Cheryl Rosenberg, an FBT partner in Houston, Texas, moderated the panel.

The key word of the day was “volatility,” as Cheryl Rosenberg explained that the 2025 municipal bond market may have to absorb shocks from both unexpected and expected sources—specifically (1) the risk of municipal bonds losing federal tax-exemption status through proposed legislation amending the Internal Revenue Code of 1986, as amended (the “Code”), (2) the risk of losing other

federal subsidies given the uncertainty associated with the potential freezing of federal funding; and (3) the possibility of losing tax-exempt status applied retroactively to bonds issued before any 2025 legislative change in the Code.

The panelists also discussed significant issues likely to face most municipal bond market participants in 2025, including:

1. The impact of federal policy changes on issuers identified to be most at risk, such as public and private universities, hospitals and other healthcare entities, and affordable housing borrowers;
2. How a decrease in the volume cap available for private activity bonds and affordable housing bonds would impact bond transactions, potentially resulting in more taxable bonds;
3. How to advise issuers or clients on transactions that cannot move forward if certain federal funds or federal guarantees are withheld or canceled;
4. The direct and indirect consequences felt in the municipal bond market due to the uncertainty with federal funds and federal legislative proposals;
5. The uncharted territory associated with the inverted yield curve seen in municipal bond transactions this year;
6. The impact of the current presidential administration's policies regarding the Federal Reserve interest rate and imposition of tariffs on inflation and the municipal bond market; and
7. The "'BAB'-a-lanche" regarding the expected increase in Build America Bonds (BAB) refundings due to the increasing interest rate and extraordinary optional redemption provisions associated with these deals.

The panel closed with the important note by Robin Redford that, in theory, all of these topics may lead to disclosure of these risks to investors in offering documents in future public bond transactions.

Primary, Secondary and Selective Disclosure Considerations

The second Public Finance 360° panel presentation covered primary and secondary disclosure considerations, selective disclosure and the applicability of anti-fraud rules to statements on websites and social media, as well as requirements for private placement/direct purchase transactions. The presentation was led by FBT partners Amy Condaras, Donnie Warner, and Emmett Kelly.

Amy Condaras discussed initial and secondary disclosure considerations that require underwriters to take certain actions in connection with securities pursuant to Securities and Exchange Commission (SEC) Rule 15c2-12. In addition, she explained that initial disclosure obligations prohibit underwriters from buying and selling securities without an offering document and without having a reasonable belief of continuing disclosure obligations following the issuance of the bonds, which is typically ascertained through a Continuing Disclosure Undertaking Agreement (CDUA). She also explained that continuing disclosure, by contrast, is governed by Rule 15c2-12, which requires disclosure when one of the 16 enumerated event notices occurs, and by the parties' agreement under the CDUA.

Amy Condaras and Donnie Warner both discussed selective disclosure, which applies when an issuer gives material, non-public information to less than all of the public marketplace, such as disclosing information to certain investors at a road show or even posts on social media. Selective disclosure requires the issuer to disclose that material information to the entire public marketplace on the Electronic Municipal Market Access System (EMMA). Warner continued by describing the anti-fraud rules that apply to issuers with disclosure obligations, focusing on Rule 10b-5, which prohibits making an untrue statement of material fact (or omitting to state a material fact to make the

statements not misleading) with the intent to defraud in connection with the purchase or sale of any security. Warner then explained how Rule 10b-5 is violated through discussing examples of SEC enforcement actions against issuers, municipal advisors, and underwriters. He also cautioned against issuer statements online, noting that the SEC has determined that information posted on websites (including social media) is reasonably expected to reach investors and is subject to the anti-fraud rules.

Next, Emmett Kelly discussed exceptions to Rule 15c2-12's initial and continuing disclosure obligations through the private placements/direct purchases exception. For this exception to apply, bonds must be purchased by qualified institutional buyers (QIBs) or accredited investors (typically banks), and the purchaser typically signs an investor letter that confirms that it meets the QIB or accredited investor status and intends to hold the bonds for the purchaser's own account. Even with the benefits of decreased costs of issuance and increased closing speed, market participants must still be mindful of their compliance obligations. To emphasize this, Kelly provided examples of SEC enforcement actions where an issuer and placement agent were liable for omitting material information in offering documents.

Overall, the disclosure considerations discussion reiterated the purpose behind Rule 15c2-12—assisting investors in determining the financial condition of the issuer and the risks associated with investing in the bonds—as a helpful guide to understand what, when, and how to disclose information.

2025 Tax Topics Impactful to Bond Issuances

FBT attorneys Steve Sparks, Patrick Woodside and Carrie Cecil presented on public finance tax topics most relevant to clients in 2025, including: (1) arbitrage and rebate considerations; (2) qualified tax-exempt obligations or "bank qualified" bonds; and (3) Reimbursement and Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) approvals.

Steve Sparks compared and contrasted arbitrage and rebate, explaining that both concepts focus on the difference between interest paid on tax-exempt bonds and the interest earned by investing bond proceeds. He also stated that arbitrage occurs when the yield on the investment of bond proceeds is greater than the yield on the tax-exempt bonds and that arbitrage rules scrutinize when someone is allowed to earn the excess from the investment. By contrast, rebate rules consider whether one can keep the profit or is required to pay it back to the IRS. Sparks clarified why it is important to consider these requirements for tax-exempt bonds now in light of the following: the U.S. Department of the Treasury interest rate was below 4% from October 2008 through October 2022, and it is currently above 4%. This increased interest rate means that investment yields are now higher than in the immediate past, potentially generating arbitrage and rebate compliance issues that have not been present since before October 2008.

Patrick Woodside discussed qualified tax-exempt obligations, also known as "bank qualified" or "BQ" bonds. BQ bonds are an incentive created by Congress allowing banks to deduct up to 80% of the interest allocated to tax-exempt bonds from their expenses, which can lower banks' net income and, as such, lower amounts owed for income tax. Woodside also explained the eligibility requirements for bond transactions to meet the BQ status—such as having a qualified small issuer (and its exclusions) and an annual issue amount limitation of 10million dollars or less of tax-free debt.

Carrie Cecil reviewed reimbursement of bond proceeds and TEFRA approvals. Cecil explained that, when a client has expended funds and desires to be reimbursed through bond proceeds after issuance, it must issue a declaration of intent, usually in the form of a reimbursement resolution, within 60 days to reimburse capital expenditures. This does not include the cost of issuance or initial

expenditures and must not exceed 20% of the aggregate capital expenditure. Additionally, Cecil elaborated that TEFRA approvals are required for tax-exempt private activity bonds and that the public must be notified of a public hearing that will be held where the issuer will provide information regarding an upcoming tax-exempt issuance and take questions from the public. Cecil pointed out that in the final regulations for TEFRA in 2019, the Treasury added flexibility to the TEFRA process by reducing the public notice timing requirement from 14 to seven days, adding the ability to post notice of the hearing to websites rather than physical newspapers, and adding flexibility to project descriptions.

by Ben Hadden, Alexandra Just, Glorify Batsirai Mandima

March 18, 2025

Frost Brown Todd

Natural Disaster Disclosure a Key Focus for NFMA's 2025 Chair Neene Jenkins.

Neene Jenkins, whose go-to Karaoke song is Macy Gray's hit "I Try," wouldn't disclose the names of other muniland karaoke singers she knows of, but the 2025 chair of the National Federation of Municipal Analysts is all for robust disclosure in another area: Natural disasters.

"I'd probably call that material non-public information," joked Jenkins, who is head of municipal research at JP Morgan Asset Management, when asked about her fellow muni industry karaoke aficionados.

But though the NFMA chair remained tightlipped about their identities, a focus on disclosure – particularly natural disaster-related disclosure – is a key part of the platform she laid out in a letter to NFMA members featured in the February Municipal Analysts Bulletin, an NFMA newsletter. The importance of robust disclosure practices, especially when it comes to natural disasters, has been underscored in recent years, her letter said.

"I do think it needs a special focus because the frequency and severity of the events recently have increased," Jenkins said in an interview, adding that she's "heard from both analysts and issuers about a lack of guidance."

Another focus for Jenkins will be to drive forward a strategic initiative that examines NFMA's policies and practices. That initiative, led by Richard Akulich, a director in the capital markets group at Preston Hollow Community Capital, will seek to identify opportunities for growth and improvement "to ensure that our organization really can thrive in the future," she said.

Angela Kukoda, director, municipal credit research at Seix Investment Advisors, is tasked with leading a committee focused on natural disaster-related disclosure, Jenkins said. The committee will make recommendations "so issuers can know what we think good disclosure looks like," she said. NFMA is still seeking volunteers to join the committee, Jenkins said, adding that anyone interested in joining should reach out to NFMA Executive Director Lisa Good directly.

Jenkins has asked the committee to think about both pre-event and post-event disclosure, she said.

"You've just been hit by a hurricane. How do you communicate to the bondholder community that

you don’t have material damage and you’re ok, or that you have the damage and it’s been addressed or it’s not material,” Jenkins said. “Whatever that story is, it doesn’t feel like there’s a good framework for it right now, and we’re trying to step into the void.”

In the absence of information, analysts sometimes assume the worst, she said.

“The bonds are going to trade regardless and those valuations are important and decisions are being made,” Jenkins said, adding that having information in the wake of disasters is better for the market, benefitting buyers as well as issuers.

When catastrophic events occur, “our industry is where a lot of issuers go for rebuilding,” she said.

“And so starting the conversation early through disclosure is important and this is why I say for the market as a whole because, ultimately, there is likely to be a bond solution on the other end,” the NFMA chair said.

Jenkins recalls turning to the Municipal Securities Rulemaking Board’s EMMA website in the wake of an event and seeing a one-line note from an issuer saying it was saddened by the event’s impacts and was currently evaluating the damage.

“And I went ok, these guys are on top of it,” she said.

While there can be a range of appropriate responses following disasters, Jenkins said she wants to ensure that Kukoda and her committee have an opportunity to produce a solid document that lets issuers know some of the expectations the analyst community has regarding pre-event and post-event disclosure and what good disclosure looks like.

Some issuers “want to be good and they don’t know how or they don’t know what that means,” Jenkins has found. Issuers might also believe they are providing good disclosure and “they don’t know what analysts want to hear,” she said.

“I would love for Angela to bring the entire market together to figure out exactly what do we need to do on this topic,” Jenkins said.

Jenkins, who earned a Master of Public Administration degree from New York University’s Robert F. Wagner Graduate School of Public Service, began her municipal analyst career in 2006 at what was then known as Moody’s Investors Service (MCO).

After spending some time at Moody’s Jenkins “became really interested in the buyside and that’s where I’ve spent the bulk of my career, at two different firms,” she said. Jenkins joined AllianceBernstein (AB) in 2010 and JP Morgan Asset Management in 2019.

She joined NFMA in 2010.

“Throughout my career, I’ve seen NFMA as an organization be instrumental in supporting improved disclosure,” Jenkins said. “The quality of information that I got as a junior analyst just entering the industry versus what issuers put out today – it’s remarkably better.”

By Kathie O’Donnell

BY SourceMedia | MUNICIPAL | 03/20/25 02:09 PM EDT

Public Finance Municipal Bond, Disclosures and Tax Compliance Recap: Frost Brown Todd

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The key word of the day was "volatility," as Cheryl Rosenberg explained that the 2025 municipal bond market may have to absorb shocks from both unexpected and expected sources—specifically (1) the risk of municipal bonds losing federal tax-exemption status through proposed legislation amending the Internal Revenue Code of 1986, as amended (the "Code"), (2) the risk of losing other federal subsidies given the uncertainty associated with the potential freezing of federal funding; and (3) the possibility of losing tax-exempt status applied retroactively to bonds issued before any 2025 legislative change in the Code.

Continue reading.

Frost Brown Todd LLP – Ben Hadden , Alexandra Just and Glorify Batsirai Mandima

March 17 2025

Need for Enhanced Cybersecurity in Public Finance — Cyberthieves Steal Bond Proceeds: Pepper Troutman

Recent events highlight the need for enhanced cybersecurity protocols in government offices across the U.S. In late November 2024, the Township of White Lake in Michigan, intended to issue approximately $29 million in general obligation bonds to finance a new public safety building and a new township hall. Prior to closing, a criminal actor gained access to the township's email system, impersonated a township official, and altered emails containing wiring instructions. The bond underwriter, then wired the purchase price to the hacker rather than the township. The sale was canceled, and to date, approximately $23.6 million has been recovered and returned to the underwriter, which is suing the township for the remainder. According to a supplemental disclosure posted by the township on March 11, the U.S. Securities and Exchange Commission has opened an investigation regarding this event and the sale of the township's bonds to determine if any violations of the federal securities laws have occurred.

What can governmental entities transferring (and receiving) large sums of money do to better protect themselves from cybercriminals? Many have set up protocols and procedures with vendors and others with whom they frequently do business. Bond financings, however, are usually infrequent for most governmental units, and involve underwriters, financial advisors, paying agents, and other parties that government staff may not know well and with whom they may have little contact.

The Government Finance Officers Association (GFOA) recently recommended a series of fraud prevention measures for participants in public finance transactions to adopt. The recommendations, which may be found at Fraud Prevention Measures When Receiving Funds, include establishing protocols with all vendors and transaction participants regarding (i) how any banking information

will be communicated, (ii) by whom, and (iii) in what manner, such as telephone or video meeting. The GFOA recommends the use of encrypted email for transmitting sensitive information and reiterates the importance of maintaining good cybersecurity practices, such as not relying on any information or link contained in an email, but rather contacting the purported sender via prior, known contact information. Another consideration is to require a purchaser, in advance of a closing date, to initiate a test wire in a de minimis, random amount, to the account of the issuer, followed up by telephone confirmation of the receipt and amount of such wire, thereby confirming the accuracy of the wire instructions.

White Lake's loss highlights the increasing risks to governmental units in transmitting and receiving funds, not only in public finance transactions but also in day-to-day business. Risks can be mitigated by appropriate staff training, close monitoring of financial transactions, implementation of robust protocols, and heightened vigilance by all transaction participants.

by Karen S. D. Grande & Walter J. St. Onge III

March 11, 2025

Troutman Pepper Locke LLP

SEC Probes Cyberattack of Detroit Suburb's $30 Million Bond Sale.

- **Probe will determine potential violation of securities law**
- **White Lake Township makes disclosure in bond supplement**

The US Securities and Exchange Commission is investigating a municipal-bond sale by a Detroit suburb that was hacked last year by cyber criminals, resulting in the theft of about $30 million of proceeds.

The SEC is probing whether the bond issue, which was supposed to close in November, violated securities law, according to a March 11 bond-offering supplement. The community of 32,000 plans to sell $29 million of bonds after the cyberattack forced it to cancel last year's issue to finance the construction of a civic center.

On the day of the initial sale's closing in November, criminals impersonated a township official after gaining access to the municipality's email, according to an offering document for the upcoming sale. The hackers then directed Robert W. Baird & Co., the investment bank that bought the bonds, to wire the purchase price to an account they set up.

Read more: Add Cyberattacks to the List of Municipal Bond Credit Risks

About $23.6 million of the funds have been recovered and returned to Baird, according to the bond supplement. The investigation by federal authorities and the White Lake Township Police Department is ongoing.

"The Township is cooperating will all investigations and does not believe such investigations will impact the Township's ability to issuer or repay the bonds," the bond-offering supplement said.

White Lake's supervisor, Rik Kowall, didn't immediately respond to a phone call seeking comment.

Bloomberg Markets

By Martin Z Braun

March 11, 2025

MSRB Board Authorizes Further Amendments to Rule G-14, Withdraws Pre-Trade Concept Release.

Washington, D.C. – The Municipal Securities Rulemaking Board (MSRB) today announced that at its previously scheduled meeting on March 6, 2025, the Board approved the filing of amendments to MSRB Rule G-14 to make substantive changes to the transaction reporting requirements that the SEC approved last year, but which have not yet become effective.

The Board's action follows MSRB's earlier announcement of a delay in setting an effective date for those requirements, as well as the statement by FINRA that it intends to amend its own similar rule for trade reporting of Trade Reporting and Compliance Engine (TRACE)-eligible securities under FINRA Rule 6730. MSRB's filing will maintain regulatory consistency across the corporate and municipal bond markets and will also respond to extensive and valuable input that MSRB has received from market participants, including the ability of regulated entities to comply with the rules and potential unintended consequences for the municipal securities market.

"As always, stakeholder engagement is an essential part of the regulatory process for the self-regulatory model, but the feedback loop does not stop once a rule is approved by the SEC," MSRB CEO Mark Kim said. "We appreciate the willingness of market participants to share with us their perspectives as MSRB remains committed to ongoing dialogue and ensuring that further amendments to Rule G-14 are coordinated with FINRA, which is contemplating similar changes to its own trade reporting rule."

MSRB will not establish an effective date for the amendments approved by the SEC last year in their current form. Instead, MSRB intends to file further amendments to Rule G-14 with the SEC, which are expected, at a minimum, to establish less significant reductions to current reporting timeframes for manual trades. Once filed, the new amendments will then be published for public comment in the Federal Register and will require SEC approval before becoming effective. Upon approval, MSRB will continue to coordinate with FINRA in establishing an effective date for the amendments.

In addition, the Board voted to withdraw its pre-trade concept release that was published in January to ensure stakeholders have adequate time and resources to focus on providing any additional comments or feedback regarding further amendments to Rule G-14.

Date: March 07, 2025

Contact:
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FINRA Fines Tradeweb Direct $65,000 for Violating MSRB Rule.

Tradeweb Direct has been censured and fined $65,000 by the Financial Industry Regulatory Authority for violating a municipal securities rule by failing to include a required indicator when reporting nearly 146,000 municipal securities transactions.

In a letter signed Feb. 27 by its chief risk officer, Tradeweb accepted and consented to FINRA's findings without admitting or denying them. FINRA accepted the document on March 4.

New York-based Tradeweb operates an alternative trading system for trading fixed income securities and "executes orders in a riskless principal capacity on behalf of its institutional customers with other dealers," the letter said.

According to the letter, Tradeweb violated Municipal Securities Rulemaking Board Rule G-14, which details transaction reporting requirements for municipal securities.

From April 11, 2022 through Jan. 19, 2023, the firm violated Rule G-14 by failing to include the Non-Transaction-Based Compensation indicator ? or the NTBC indicator for short ? when reporting 145,898 municipal securities transactions to the MSRB's Real-Time Transaction Reporting System, according to the document.

"Rule G-14 RTRS Procedures (b)(iv) requires firms to report the applicable 'special condition indicators' for 'transactions affected by the special conditions described in the RTRS Users Manual in Section 4.3.2 of the Specifications for Real-Time Reporting of Municipal Securities Transactions,'" the letter said.

One special condition indicator Section 4.3.2 describes is the NTBC indicator, the letter said.

"This indicator is mandatory for customer trades that do not include a mark-up, mark-down, or commission," the letter said. "The NTBC indicator improves price transparency by distinguishing between transaction prices that include some form of transaction-based dealer compensation and those that do not."

Tradeweb's failure to report the special condition indicator stemmed from a technical error linked to the firm's transition to a new clearing firm in April 2022, the letter said.

"Tradeweb Direct is committed to timely and accurate reporting, and we are pleased to have this matter resolved," a Tradeweb spokesman said.

By Kathie O'Donnell

BY SourceMedia | MUNICIPAL | 03/06/25 10:11 AM EST

FINRA Fines MarketAxess $90,000 for MSRB Rule Violations.

The Financial Industry Regulatory Authority has fined MarketAxess Corporation $90,000 for Municipal Securities Rulemaking Board rule violations including the inaccurate reporting of trade times for more than 57,000 transactions, most of which were off by just one second.

MarketAxess (MKTX), which operates fixed income electronic trading platforms, submitted a letter to FINRA proposing a settlement of various alleged rule violations. In the letter, the firm accepted and consented to FINRA's findings without either admitting or denying them. MarketAxess' (MKTX)

chief compliance officer signed the document on Feb. 18 and FINRA accepted it on Feb. 25.

According to the letter, MarketAxess (MKTX) violated MSRB Rule G-14, which details transaction reporting requirements for municipal securities.

From April 2016, when the firm first started reporting municipal transactions to the MSRB's Real-time Transaction Reporting System, to May 2023, MarketAxess (MKTX) reported 57,340 transactions to the RTRS with an inaccurate time of trade "due to the firm's incorrect interpretation of time of trade," the letter said.

"For a majority of these transactions, the execution time was inaccurate by one second," the letter said.

MarketAxess (MKTX) also violated Rule G-14 by reporting 123 of those transactions to the RTRS more than 15 minutes after the time of trade, the letter said.

"Rule G-14 RTRS Procedures (a)(ii) states that transactions effected during the RTRS business day shall be reported within 15 minutes of the time of trade except in certain enumerated situations," the letter said.

In addition, MarketAxess (MKTX) from April 2016 to January 2022 violated MSRB Rule G-27 by failing to set up and maintain a supervisory system, including written supervisory procedures, reasonably designed to ensure compliance with MSRB RTRS reporting obligations, the letter said.

Specifically, MarketAxess' (MKTX) supervisory system, including its written supervisory procedures, didn't include reasonable reviews to make sure that accurate execution times were reported to the RTRS, the letter said.

Beginning in January 2022, the firm's written supervisory procedures required that MarketAxess (MKTX) perform automated surveillance of RTRS reporting, including timestamps, and undertake a manual review of any surveillance alerts, the letter said.

The $90,000 penalty pertaining to the violations of MSRB Rules G-14 and G-27 was part of a total monetary sanction of $180,000 consented to by MarketAxess (MKTX), the letter showed. The firm also made inaccurate and untimely reports to FINRA's Trade Reporting and Compliance Engine, and MarketAxess' (MKTX) supervisory system wasn't reasonably designed to comply with TRACE reporting obligations, the letter said.

An attorney representing the firm declined to comment.

By Kathie O'Donnell

BY SourceMedia | MUNICIPAL | 02/27/25 10:32 AM EST

SEC Moves to Dismiss Case Against Hedge Fund Silver Point Capital.

The US Securities and Exchange Commission has moved to dismiss a lawsuit accusing hedge fund Silver Point Capital of failing to enact policies to bar a consultant from sharing confidential information with the firm's trading arm.

The agreement is outlined in a filing Thursday in federal court in Connecticut. It's subject to the SEC

commissioners' approval.

The credit-focused hedge fund said it was pleased to reach a resolution. The SEC declined to comment.

"There was absolutely no basis in the evidence or the law for the claims asserted by the SEC, and the SEC should never have filed this action in December 2024," the firm said in a statement.

The SEC sued Silver Point, claiming that the company failed to set up policies to prevent a consultant from sharing confidential information about bonds issued by Puerto Rico.

The consultant, a now-deceased attorney, sat on a creditors committee tied to restructuring Puerto Rico's municipal bonds on behalf of Silver Point. His position meant he had access to non-public information that could help the firm's trading arm profit, the SEC alleged in a complaint.

But the firm said a four-year investigation and a review of roughly 350,000 documents showed no evidence that the attorney actually shared insider information or that Silver Point engaged in improper trades.

"We have refused to settle a matter in which there was neither any wrongdoing nor any deficiency in our information barrier policies or our compliance program," the company said at the time. "Silver Point has, at all times, behaved legally and ethically."

The case is Securities and Exchange Commission v. Silver Point Capital L.P., 24-cv-02018, US District Court, District of Connecticut.

Bloomberg Markets

By Nicola M White

March 6, 2025

— With assistance from Peter Blumberg

MSRB: Convergence of Individual and Institutional Trading Dynamics in Small Size Trades

Read the MSRB paper.

GASB Publishes Post-Implementation Review Report on Fair Value Standard.

Norwalk, CT, February 26, 2025—The Governmental Accounting Standards Board (GASB) today published a Post-Implementation Review (PIR) report on the Board's fair value standard.

The report focuses on GASB Statement No. 72, *Fair Value Measurement and Application.*

The report, issued by GASB staff, concludes that Statement 72 met the three PIR objectives:

- The standards accomplish their stated purpose,
- Costs and benefits are in line with expectations, and
- The Board followed its standard-setting process.

Furthermore, the report concludes that Statement 72 resolved the underlying need for the Statement, which involved complicated valuation issues from a financial reporting perspective. The report also concludes that the Statement was operational and application of the Statement provides users of financial reports with decision-useful information, including fair value measurements that are highly relevant to the analysis of governmental financial information and fair value-related disclosures.

After the issuance of each GASB standard, the GASB provides educational support, responds to technical inquiries, and often issues questions and answers about the standard through implementation guidance. More complex standards—like Statement 72—are eligible to undergo more extensive PIR procedures culminating in a final report.

More information about the PIR process, including other projects for which the GASB is currently conducting PIR activities, is available by visiting the GASB PIR web portal.

NAMA Wishlist for MSRB's Review of MA Rules Includes Technical Fixes, Good Dialogue.

The Municipal Securities Rulemaking Board's decision to launch a holistic review of its municipal advisor rules is "completely understandable," National Association of Municipal Advisors Executive Director Susan Gaffney said, but before the MSRB makes any big changes she hopes "it will engage with the MA community."

The MSRB's second quarterly board meeting of fiscal year 2025, held in January, included discussion regarding the launch of a "holistic review," of the MSRB's municipal advisor rules, MSRB CEO Mark Kim confirmed in an interview following the meeting.

The Dodd-Frank Wall Street Reform and Consumer Protection Act, enacted in the wake of the global financial crisis, "expanded the MSRB's statutory authority to include the regulation of municipal advisors," Kim said, noting that it's been "10 years or so since we implemented our first MA rule and that body of regulation is now essentially complete."

Still, markets change and rules need to change too in order to remain relevant and have their intended impact, which makes this an appropriate time to launch such a review, he said.

The MSRB received approval from the Securities and Exchange Commission in October 2014 to adopt MSRB Rule G-44, its first dedicated rule for municipal advisors.

"As I think Mark and the MSRB pointed out, it's been a good 10 years since the beginning of all the rules being in place, and so it's likely to be a multi-year project," Gaffney said in a recent interview.

A "good first step" would be to make some technical changes to bring the rule book "up to speed to reflect the actual regulatory environment," she said. For example, areas within the MSRB's rules that use the term financial advisor when referring to municipal advisors should be updated, the

NAMA executive director said.

“Certainly, people still refer to MAs as FAs, but the rule book should reflect that we are MAs and that’s what the MSRB regulates,” Gaffney said.

Making such technical changes might sound easy, “but I know it’s not easy,” she said.

“So we understand that that is a lift,” Gaffney said. “Even though it may not be a substantive lift, we know that it nonetheless takes time.”

In addition, NAMA hopes that the holistic review looks not only at the rulemaking but also at “all the guidance and different types of materials that the MSRB has produced over the years and kind of bringing that together to be more helpful and useful for the MA community,” she said.

For example, “if I have some challenging G-20 questions, I’d like to be able to go to one spot to see all the resources available,” Gaffney said.

Given the time that has passed since the MSRB’s municipal advisor rules first went into effect, NAMA hopes that the MSRB “will constructively engage with the MA community and determine how various types of MA firms have applied and complied with the rule book,” she said.

“This is such a diverse community that hearing from them about where there might be some pain points, some pressure points, is going to be really important,” Gaffney said.

Municipal advisors are “very different” from underwriters, she said, adding that when the MSRB is looking at the MA rules, it’s important that the language and framework of those rules reflect the various activities that MAs perform for their clients.

Most MA firms are “very small,” Gaffney said, adding that before the MSRB makes any big changes to its MA rules, it’s important to get input from MAsto ensure the changes are “well understood and not too burdensome.”

In addition to being small, MA firms are also “very regional,” the NAMA executive director said.

For example, in Minnesota there’s a prevalence of competitive bond sales due to state law, which makes that segment of the market “a little bit different than let’s say California and other areas,” she said.

“So just the issuance practices differ,” she said, adding that “how MAs must comply with all MA rules relating to providing services to clients and running a firm varies.”

NAMA is “very much looking forward to” working with the MSRB as it undertakes its holistic review of the rules “and hopefully the guidance as well,” Gaffney said.

“MSRB looks forward to engaging with NAMA and the MA community as we move forward with MSRB’s holistic review of MA rules,” Ernie Lanza, chief regulatory and policy officer of the MSRB, said in comments provided to The Bond Buyer on Wednesday.

By Kathie O’Donnell

BY SourceMedia | MUNICIPAL | 02/20/25 01:02 PM EST

What Drives Trading Volume in the Municipal Securities Market? An MSRB Study of Likely Factors.

Read the MSRB Publication.

Current Developments in SEC Enforcement for Private Funds and a Look Ahead: Morgan Lewis & Bockius

Read the Report.

February 10 2025

SEC Charges Silver Point Capital with Policy Failures Regarding Receipt of Material Nonpublic Information About Bonds Issued by Puerto Rico

Washington D.C., Dec. 20, 2024 —

The Securities and Exchange Commission today charged registered investment adviser Silver Point Capital L.P. with failing to establish, implement, and enforce written policies and procedures reasonably designed to prevent the misuse of material nonpublic information (MNPI) relating to its participation on creditors' committees.

According to the SEC's complaint, one of Silver Point's core strategies was to invest in distressed companies. As part of this strategy, and because of the nature of its business, a long-time Silver Point consultant, a now-deceased lawyer, participated on creditors' committees of those distressed companies on Silver Point's behalf. However, the SEC alleges, the firm failed to enforce policies and procedures that were reasonably designed to address the specific risks associated with the consultant's receipt of MNPI as a result of his participation on creditors' committees.

Specifically, the SEC alleges that, from September 2019 through February 2020, the consultant sat on an ad hoc creditors' committee in connection with the restructuring of Puerto Rico's defaulted municipal bonds and received MNPI from a related confidential mediation. According to the complaint, the consultant had extensive communications with Silver Point's public trading desk, without involving the firm's compliance department, at times when he had MNPI from the mediation and while Silver Point continued to buy Puerto Rico bonds. According to the SEC, this created a substantial risk that Silver Point may have misused information from the mediation in connection with its trading of Puerto Rico bonds.

"Silver Point is alleged to have purchased over $260 million of Puerto Rico bonds during the same period that a Silver Point consultant, who possessed MNPI about the same Puerto Rico bonds, had more than five hundred calls with firm employees, including those who actively traded such debt, without involving the firm's compliance department," said Sanjay Wadhwa, Acting Director of the SEC's Division of Enforcement. "Allowing individuals who possess MNPI to have unfettered access to those making trading decisions presents an enhanced risk of misuse of MNPI, and the resulting risks to market integrity and investors are compounded when investment advisers fail to enforce

their compliance policies and procedures to prevent the misuse of MNPI."

The SEC's complaint, filed in the U.S. District Court for the District of Connecticut, charges Silver Point with violating provisions of the Investment Advisers Act of 1940 related to establishing and enforcing reasonably designed compliance policies and procedures.

The SEC's investigation was conducted by Sally Hewitt, Heidi M. Mitza, and Jonathan Wilcox of the Public Finance Abuse Unit and Annie Hancock of the Asset Management Unit and supervised by Kevin B. Currid. The SEC's litigation will be led by Susan Cooke and Michael Moran of the Boston Regional Office.

Update From GFOA's Federal Liaison Center On The Federal Funds Freeze.

There remains uncertainty around how the Administration's funding freeze proposed on January 27 will ultimately play out. Two federal judges have temporarily blocked the freeze, the Office of Management (OMB) rescinded the memo calling for the pause in funding on January 29, and reports of entities like nonprofits and states having mixed experiences when trying to access federal funds, have all contributed to an already confusing set of circumstances. We continue to monitor this very fluid scenario.

Read more

MSRB Delayed Announcement of Effective Date for Amendment to MSRB Rule G-14 to Shorten Timeframe for Reporting Transactions in Municipal Securities.

Read the MSRB Notice.

Time to Bring California Out of the Municipal Reporting Stone Age.

California brands itself as the global leader in technology and innovation. Yet when it comes to modernizing state and municipal government financial reporting, the Golden State is stuck in the digital stone age.

Currently, California's local governments submit their Annual Comprehensive Financial Reports (ACFRs) — audited financial statements, detailing financial positions and changes in a PDF format, required by the California State Controller's Office. These documents are often hundreds of pages long, replete with complex accounting terminology and a lack of uniformity between various types of government municipalities and special districts' reporting. For those who are not CPAs or experts in municipal finance, making sense of this data is nearly impossible.

Instead, California should take the lead in advancing the latest technology: machine-readable formats for its (ACFRs) and single audits such as the freely licensed, open standard called eXtensible Business Reporting Language (XBRL).

Continue reading.

California Policy Center

by Andrew Davenport
Policy & Research Associate

February 6, 2025

Request for Information on the MSRB's Rate Card Process: SIFMA Comment Letter

Summary

SIFMA provided comments to the Municipal Securities Rulemaking Board (MSRB) in response to the Request for Information regarding its Rate Card Process.

View the SIFMA Comments

MSRB Discusses Market Regulation, Structure and Transparency Initiatives.

Washington, D.C. – The Board of Directors of the Municipal Securities Rulemaking Board (MSRB) met on January 29-30, 2025, holding its second quarterly meeting of fiscal year 2025. The Board discussed its FY 2025 regulatory priorities, key market structure and market transparency initiatives, and other actions to advance its FY 2022-2025 Strategic Plan.

"In 2025, MSRB celebrates 50 years of fulfilling its congressional mandate to protect investors, issuers and the public interest," MSRB Board Chair Bo Daniels said. "This mandate remains our north star, and we look forward to advancing our market regulation, market transparency and market integrity efforts—all bolstered through stakeholder outreach and feedback—as we strengthen the municipal securities market and give America the confidence to invest in its communities."

Market Regulation
The Board discussed ongoing regulatory matters and retrospective rule reviews, including:

- Rule G-32: Potential revisions to streamline the submission process, to clarify the rule requirements, and improve the effectiveness of making existing primary market disclosures available through EMMA.
- Rule G-27: Ongoing review of dealer supervision requirements and planned engagement with FINRA and the Securities and Exchange Commission on various provisions under the rule.
- Municipal Advisor Regulatory Framework: The launch of a holistic review of MSRB's body of municipal advisor rules.

Market Structure
The Board received an overview of MSRB's 2024 Municipal Market Year in Review and discussed upcoming research on the correlation between tax-exempt interest rate volatility, nominal tax-

exempt yields and trading volume and a report on the increased participation by institutional investors in odd-lot trades.

Market Transparency
The Board also received an update on the modernization of the Electronic Municipal Market Access (EMMA) website, including the initial round of 'beta' testing. The newly redesigned EMMA, featuring enhanced functionality and stakeholder-driven improvements, is expected to launch before the end of 2025.

Date: January 31, 2025
Contact:

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MSRB Publishes 2024 Annual Report and Audited Financial Statements.

Washington, D.C. – The Municipal Securities Rulemaking Board (MSRB) today published its annual report for the 2024 fiscal year, providing an overview of the organization's regulatory initiatives, operational performance, and financial position. The report highlights the MSRB's ongoing efforts to enhance market transparency, streamline regulation, and engage stakeholders in promoting a fair and efficient municipal securities market.

"Everywhere you look, municipal bonds are hard at work improving quality of life and making America stronger," MSRB Chair Warren "Bo" Daniels and MSRB CEO Mark Kim said in their letter to stakeholders. "MSRB serves an essential role in safeguarding the integrity of our nation's $4 trillion capital market, which finances stronger, more resilient communities for all Americans, and we remain resolute in upholding its congressional mandate through market regulation, market transparency and market integrity."

The 2024 Annual Report highlights several key initiatives that reflect the MSRB's strategic priorities, including:

Modernizing Market Regulation

- Amending MSRB Rule G-14 to reduce trade reporting time to one minute.
- Amending MSRB Rule G-47 to provide new time of trade disclosure scenarios and update certain interpretive guidance.
- Amending MSRB Rule G-27 to allow dealers to conduct supervisory activities remotely.

Enhancing Market Transparency through Technology and Data

- Expanding EMMA's yield curves and indices with the addition of the Tradeweb AAA Municipal Curve.
- Advancing the development of a modernized EMMA platform with a redesigned interface and user experience scheduled to launch in 2025.

Advancing Public Trust

- Engaging with stakeholders through a series of town halls to solicit feedback on MSRB's budget and fee-setting process.
- Reaffirming its commitment to establish reasonable fees that are necessary or appropriate to advance its congressional mandate. To this end, MSRB has issued an RFI to inform potential modifications to its fee structure and rate card model.
- Streamlining MSRB's Education Center and professional qualifications web pages to make it easier for participants to access and understand comprehensive information on the municipal securities market and qualifications requirements.

"In this annual report, we are pleased to highlight the progress we have made in advancing our FY 2022–2025 Strategic Plan," MSRB CEO Mark Kim said. "As MSRB enters its 50th year, its leadership and staff are ever more dedicated to the mission of protecting and strengthening the market for the bonds that make America stronger."

The annual report includes audited annual financial statements for the fiscal year that ended September 30, 2024. For a detailed look at the financials and insights into how the MSRB advances its mission, read the report.

January 21, 2025

Contact: Aleis Stokes, Chief External Relations Officer
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MSRB Announces Discussion Topics for Quarterly Board Meeting.

Washington, DC – The Board of Directors of the Municipal Securities Rulemaking Board (MSRB) will meet on January 29-30, 2025, to hold the second quarterly meeting of fiscal year 2025.

Highlights of the Board discussion will include:

Market Regulation

The Board will discuss regulatory matters and receive updates on several ongoing retrospective rule reviews:

- Rule G-32: Discussing ongoing work on potentially simplifying the submission process for Form G-32 in connection with new issue offerings.
- Rule G-27: Discussing various aspects of current dealer supervisory obligations in light of changing work patterns and municipal market-specific practices.
- MA Regulatory Framework: Beginning the process of holistically reviewing the body of municipal advisor rules adopted after the enactment of the Dodd-Frank Act.

Market Structure

The Board will discuss recent and upcoming research publications including MSRB's 2024 Municipal Market Year in Review, a report on the correlation between tax-exempt interest rate volatility, nominal tax-exempt yields and trading volume and a report on the increased participation by institutional investors in odd-lot trades.

Market Transparency

The Board will also receive an update on the modernization of the Electronic Municipal Market Access (EMMA) website, including ongoing stakeholder feedback received during the first round of 'beta' testing. The newly redesigned EMMA website is scheduled to be launched before the end of 2025.

January 23, 2025

Contact: Aleis Stokes, Chief External Relations Officer
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Cross-Trading at a Crossroads: WilmerHale

Once upon a time, in 1994, when I was a young lawyer in the SEC's Division of Investment Management (Division), Office of Chief Counsel, we received a request to modify a previously granted but totally impractical no-action position addressing Rule 17a-7 under the Investment Company Act of 1940 (the 1940 Act), which allowed funds to cross-trade municipal securities. The Division granted that request in January 1995, and for a number of years, funds relied on the new position to efficiently cross-trade various fixed income securities resulting in significant cost savings to the funds and their shareholders.

Originally published in The Investment Lawyer – January 2025.

Please see full publication for more information.

Wilmer Hale

by Amy Doberman

January 27, 2025

SEC Approves FINRA Rules to Establish Securities Lending Reporting Facility: WilmerHale

View the article.

WilmerHale – Bruce H. Newman, Stephanie Nicolas and Kyle P. Swan

January 23 2025

Municipal Securities Disclosure (Exchange Act Rule 15c2–12): SIFMA Comment Letter

Summary

SIFMA provided comments on the request for comment issued by the U.S. Securities and Exchange Commission (SEC) on the existing collection of information provided for in Rule 15c2-12 related to municipal securities disclosure (the "Rule"), under the Securities Exchange Act of 1934.

Read the letter.

Regulator Explores the Collection of Pre-Trade Muni-Bond Prices.

- **Vast number of bonds, infrequent trades make market opaque**
- **Electronic trading has made quotes more available to traders**

The municipal bond market's regulator wants to know whether it should start collecting key price information for certain state and local government securities.

The Municipal Securities Rulemaking Board is seeking feedback on the potential benefits and disadvantages of getting pre-trade data from brokers and other participants in the public finance market to make the business more transparent, according to a Monday news release.

Muni bonds — which are sold by state and local governments to primarily finance infrastructure projects — are unlike stocks. The over-the-counter market doesn't have a mechanism to aggregate quotes and publicly disclose the price difference between the highest and lowest amount a buyer is willing to pay for a particular security. This is mostly due to its size. There are about 1 million securities in the muni market, compared with 8,000 securities listed on US stock exchanges.

"Having a two-sided market is going to be very, very challenging on most munis when they don't trade that frequently," said Jesy LeBlanc, co-founder of TRADEliance, a consultancy focusing on trading operations and compliance.

Back in 2013, the MSRB embarked on a similar effort but "no formal rulemaking" came out of it, the release said. Comments for the latest initiative are due May 16.

A 2012 report by the US Securities and Exchange Commission offered some recommendations to improve pre-trade price transparency. Commissioners could require electronic platforms to publicly disseminate quotes on frequently traded bonds or those that trade in high volume, the report said.

Technology, however, has made it easier for muni-bond traders to get prices from multiple sources before they trade. Currently dealers typically provide quotes on electronic platforms, but the information is only available to participating banks, asset managers and registered investment advisers and isn't broadly accessible to the public.

"While there has been some good progress in making more information available to traders over the last 15 years, that hasn't really trickled down to the retail side and I just don't see an easy way for that to occur," said LeBlanc.

The MSRB's free Electronic Municipal Market Access website, or EMMA, reports muni-bond trades to the public 15 minutes after they're executed. In September, the SEC approved a proposed rule change requiring the reporting of trades in most bonds to 1 minute. The effective date hasn't been announced.

Muni-bond trading costs have declined since the expansion of electronic trading and post-trade prices became more transparent. The average spread between what a seller receives, and a buyer pays for a security with dealers acting as an intermediary dropped to 57 basis as of March 2023, from 73 basis points in 2019, according to the MSRB.

Bloomberg Markets

By Martin Z Braun

January 13, 2025

MSRB Seeks Comment On The Potential Collection Of Pre-Trade Data.

Concept release invites input on benefits, burdens and alternatives to potential initiative

Washington, D.C. – The Municipal Securities Rulemaking Board (MSRB) today published a concept release seeking public comment on a potential initiative to collect pre-trade data for certain municipal securities. The release marks an exploratory phase in MSRB's ongoing efforts to assess opportunities for enhanced market transparency. This initial information-gathering step focuses solely on soliciting feedback to better understand the needs and concerns of municipal market participants, which would help inform whether to take further steps in connection with the potential pre-trade data initiative.

"We look forward to receiving public comment on the concept release to inform our understanding of the potential benefits and burdens of pre-trade data collection," said MSRB CEO Mark Kim. "Significant changes in trading patterns over the past several years highlight the need for ongoing dialogue about how to enhance the transparency of the municipal securities market."

The concept release is a direct result of extensive stakeholder outreach, reflecting input from a broad range of market participants. It outlines preliminary ideas for a potential framework to collect pre-trade data from sources such as brokers, dealers, municipal securities dealers, broker's brokers, and Alternative Trading Systems, with an emphasis on minimizing duplicative reporting and associated costs. Any next steps in exploring pre-trade data collection are contingent on stakeholder feedback.

Comments should be submitted no later than May 16, 2025. For additional details, read the notice.

Date: January 13, 2025

Contact: Aleis Stokes, Chief External Relations Officer
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astokes@msrb.org

SEC Updates Names Rule FAQs: K&L Gates

On 8 January 2025, the staff of the Division of Investment Management of the US Securities and Exchange Commission (the SEC) released an updated set of Frequently Asked Questions (the FAQs) related to the amendments to Rule 35d-1 (Names Rule) under the Investment Company Act of 1940,

as amended (the 1940 Act) and related form amendments (collectively, the Amendments) adopted in 2023. The FAQs modify, supersede, or withdraw portions of FAQs released in 2001 (the 2001 FAQs) related to the original adoption of the Names Rule. In addition to the FAQs, the SEC staff also released Staff Guidance providing an overview of the questions and answers withdrawn from the 2001 FAQs (Staff Guidance). Together, the FAQs and the Staff Guidance on the withdrawn FAQs are intended to provide guidance to the various implementation issues and interpretative questions left unclear by the adopting release of the Amendments to the Names Rule (2023 Adopting Release). While the FAQs and the Staff Guidance do not address all key issues and questions related to the Names Rule, they do provide new guidance on certain areas and suggest interpretive frameworks that can be more universally applied.

Revisions to Fundamental Policies

In the revised FAQs the SEC staff updates certain FAQs, broadening the reach of those FAQs' applicability. For instance, the SEC staff modifies the 2001 FAQ relating to the shareholder approval requirement for a fund seeking to adopt a fundamental 80% Policy to also provide guidance in instances where an 80% investment policy (an 80% Policy) that is fundamental is being revised. The SEC staff provides clarification concerning the process required to revise fundamental investment policies. The FAQ states that a fundamental 80% Policy may be amended to bring such policy into compliance with the requirements of the amended Names Rule without shareholder approval, provided the amended policy does not deviate from the existing policy or other existing fundamental policies. The FAQs restate that individual funds must determine, based on their own individual circumstances, whether shareholder approval is necessary within this framework. Accordingly, funds may take the position that clarifications or other nonmaterial revisions to a fundamental 80% Policy in response to the amended Names Rule would not require shareholder approval. If it is determined that nonmaterial revisions have been made to a fundamental 80% Policy, notice to the fund's shareholders is required.1 Funds should also continue to provide 60 days' notice (as required by amended Rule 35d-1) for any changes to nonfundamental 80% policies. A similar analysis can be applied in determining whether a post-effective amendment filed pursuant to rule 485(a) under the Securities Act of 1933 is required in connection to the Names Rule implementation process.

Guidance on Tax-Exempt Funds

The FAQs provide insight into the SEC staff's view of the applicability of the Names Rule to funds whose names suggest their distributions are exempt from both federal and state income tax. According to the FAQs, such funds fall within the scope of the Names Rule and, per Rule 35d-1(a)(3), must adopt a fundamental policy to invest, under normal circumstances, either:

Continue reading.

K&L Gates LLP

By: Abigail P. Hemnes, Lance C. Dial, Gustavo De La Cruz Reynozo, Donela M. Qirjazi, Aster Cheng

Jan 14, 2025

MSRB Announces Members of 2025 Board Advisory Groups.

Washington, DC – The Municipal Securities Rulemaking Board (MSRB) today announced the members of its 2025 advisory groups, bringing together a cross-section of municipal market experts

who will offer insights that inform MSRB's regulatory and compliance initiatives. A total of 41 experienced market professionals have been selected to serve on the Compliance Advisory Group (CAG), Municipal Fund Securities Advisory Group (MFSAG), and the newly formed Technology Advisory Group (TAG).

"Voices from across the municipal securities market ensure MSRB's regulatory framework reflects the broad perspectives and evolving needs of all market participants," said Warren "Bo" Daniels, Chair of the MSRB Board of Directors. "We look forward to working with our returning members and new members as they serve a critical role in enhancing MSRB's rulemaking, compliance initiatives, and market transparency efforts."

CAG, now in its eighth consecutive year, will continue to provide valuable feedback on MSRB's compliance initiatives to help dealers and municipal advisors navigate regulatory requirements effectively.

MFSAG, established to focus on regulatory issues and investor education in the 529 Savings Plan, Achieving a Better Life Experience Act of 2014 (ABLE) Program and other municipal fund securities space, will continue to provide insight in support of MSRB's regulatory guidance, transparency, and educational initiatives.

The newly introduced TAG convenes a group specifically focused on the intersection of technological innovation and regulation in the municipal securities market. TAG will provide input on technology topics and assess market trends to identify opportunities and challenges.

Continue reading.

Date: January 16, 2025

Contact: Aleis Stokes, Chief External Relations Officer
202-838-1500
astokes@msrb.org

SEC 2025 Names Rule FAQs.

The staff of the Division of Investment Management has prepared the following responses related to the Commission's 2023 adoption of amendments to rule 35d-1 under the Investment Company Act of 1940 ("Investment Company Act" or "Act," and the rule, the "names rule"), which addresses certain broad categories of investment company names that are likely to mislead investors about an investment company's investments and risks. The names rule was originally adopted by the Commission in 2001. We refer to the release adopting the 2023 amendments as the "2023 Adopting Release" and the release adopting the original 2001 names rule as the "2001 Adopting Release."

When the Commission issued the 2023 Adopting Release, it stated in the release that staff would be reviewing its no-action letters and other statements addressing compliance with the names rule to determine which letters and other staff statements, or portions thereof, should be withdrawn in connection with the final amendments. Among the statements that the Commission listed for review is the names rule FAQ document that the staff published in 2001. The Commission stated in the release that portions of this document may be moot, superseded, or otherwise inconsistent with the final amendments and, therefore, may be withdrawn by the staff. The staff has compiled a chart showing the 2001 FAQs that staff has determined to withdraw (for example, because the FAQ

addresses circumstances particular to the 2001 adoption of the names rule, or because the 2023 Adopting Release addresses the topic the 2001 FAQ covers). The staff is retaining the balance of the 2001 FAQs, with modifications, as set forth below.

The staff may update this information from time to time to include responses to additional questions. These responses represent the views of the staff of the Division of Investment Management. They are not rules, regulations, or statements of the Commission, and the Commission has neither approved nor disapproved these FAQs or the answers to these FAQs. The FAQs, like all staff statements, have no legal force or effect: they do not alter or amend applicable law, and they create no new or additional obligations for any person.

If you have questions about the application of these rules, please contact the Division of Investment Management Chief Counsel's Office at 202-551-6825 or IMOCC@sec.gov.

Continue reading.

2024 MSRB Municipal Bond Market In Review.

View the Review.

1/8/25

MSRB Notice Concerning Trades Effected on January 9, 2025 – National Day of Mourning for Former President Carter.

Read the MSRB Notice.

Strengthening Municipal Cybersecurity: Nixon Peabody

A Little Privacy, Please!

Matthew Gerstenfeld of Munichain discusses municipal cybersecurity challenges and solutions on the latest episode of *A Little Privacy, Please!*®

Welcome to the final 2024 episode of *A Little Privacy, Please!* Today, we're delighted to have Matthew Gerstenfeld, co-founder and CEO of Munichain, who will share insights about his company's innovative product. Our Nixon Peabody Public Finance partner and occasional co-host, Rudy Salo, also joins us.

Thank you, Matt and Rudy, for joining us and discussing how to enhance the safety of municipal deals.

Matthew, tell us about Munichain, how the idea came about, and what the product does.

Munichain was created about seven or eight years ago when I worked in underwriting, sales, and

trading. I realized there were many parties involved in public finance, such as advisors, bond attorneys, and banks, and most of the technology originated from the ’90s. Many parties were unaccounted for, so Munichain was born as the connective tissue for the public finance market to hyper-connect folks who would otherwise rely on other means of communication.

Continue reading.

Nixon Peabody

By Jason Kravitz, Jenny Holmes and Rudy Salo

Dec 19, 2024

SEC Charges Silver Point Capital with Policy Failures Regarding Receipt of Material Nonpublic Information About Bonds Issued by Puerto Rico - SEC Press Release

The Securities and Exchange Commission today charged registered investment adviser Silver Point Capital L.P. with failing to establish, implement, and enforce written policies and procedures reasonably designed to prevent the misuse of material nonpublic information (MNPI) relating to its participation on creditors’ committees.

According to the SEC’s complaint, one of Silver Point’s core strategies was to invest in distressed companies. As part of this strategy, and because of the nature of its business, a long-time Silver Point consultant, a now-deceased lawyer, participated on creditors’ committees of those distressed companies on Silver Point’s behalf. However, the SEC alleges, the firm failed to enforce policies and procedures that were reasonably designed to address the specific risks associated with the consultant’s receipt of MNPI as a result of his participation on creditors’ committees.

Specifically, the SEC alleges that, from September 2019 through February 2020, the consultant sat on an ad hoc creditors’ committee in connection with the restructuring of Puerto Rico’s defaulted municipal bonds and received MNPI from a related confidential mediation. According to the complaint, the consultant had extensive communications with Silver Point’s public trading desk, without involving the firm’s compliance department, at times when he had MNPI from the mediation and while Silver Point continued to buy Puerto Rico bonds. According to the SEC, this created a substantial risk that Silver Point may have misused information from the mediation in connection with its trading of Puerto Rico bonds.

“Silver Point is alleged to have purchased over $260 million of Puerto Rico bonds during the same period that a Silver Point consultant, who possessed MNPI about the same Puerto Rico bonds, had more than five hundred calls with firm employees, including those who actively traded such debt, without involving the firm’s compliance department,” said Sanjay Wadhwa, Acting Director of the SEC’s Division of Enforcement. “Allowing individuals who possess MNPI to have unfettered access to those making trading decisions presents an enhanced risk of misuse of MNPI, and the resulting risks to market integrity and investors are compounded when investment advisers fail to enforce their compliance policies and procedures to prevent the misuse of MNPI.”

The SEC’s complaint, filed in the U.S. District Court for the District of Connecticut, charges Silver Point with violating provisions of the Investment Advisers Act of 1940 related to establishing and

enforcing reasonably designed compliance policies and procedures.

The SEC's investigation was conducted by Sally Hewitt, Heidi M. Mitza, and Jonathan Wilcox of the Public Finance Abuse Unit and Annie Hancock of the Asset Management Unit and supervised by Kevin B. Currid. The SEC's litigation will be led by Susan Cooke and Michael Moran of the Boston Regional Office.

sec.gov

2024-209

Washington D.C., Dec. 20, 2024 —

Hedge Fund Silver Point 'Refused to Settle' SEC Puerto Rico Suit.

Silver Point Capital plans to fight a US Securities and Exchange Commission lawsuit claiming the hedge fund firm failed to enact policies to bar a consultant from sharing confidential information about bonds issued by Puerto Rico.

The consultant, a now-deceased attorney, sat on a creditors committee tied to restructuring Puerto Rico's municipal bonds on behalf of Silver Point. He had "hundreds" of chances to share material non-public information with the firm's trading arm, the SEC alleged in a complaint filed in federal court in Connecticut on Friday.

Silver Point's alleged failure to monitor the lawyer's communications created a risk of profiting from insider information, according to the suit.

The credit-focused firm said in a statement that a four-year investigation and a review of roughly 350,000 documents showed no evidence that the attorney actually shared confidential information — or that Silver Point engaged in improper trades.

"We have refused to settle a matter in which there was neither any wrongdoing nor any deficiency in our information barrier policies or our compliance program," the firm said in the statement. "Silver Point has, at all times, behaved legally and ethically."

In 2015, Puerto Rico's economy collapsed, and the territory defaulted on much of its debt. When sitting on the creditors' committee from September 2019 to February 2020 on behalf of the firm, which invests in bankrupt and distressed entities, the lawyer had extensive communications with the firm's public trading desk without involving compliance staff, according to the complaint.

Silver Point bought $260 million in Puerto Rico bonds during the same period, creating a "substantial risk" it may have used nonpublic information to make trades, the SEC alleges.

The firm generated profits of more than $29 million, according to the SEC.

Allowing people who have material nonpublic information to have "unfettered access to those making trading decisions presents an enhanced risk of misuse," Sanjay Wadhwa, acting director of the SEC's enforcement division, said in a statement. "The resulting risks to market integrity and investors are compounded when investment advisers fail to enforce their compliance policies and procedures."

Bloomberg Markets

By Nicola M. White

December 20, 2024

A Long Winter's Nap? SEC Off-Channel Communications Enforcement May Draw to a Close: Holland & Knight

The SEC's wave of enforcement actions concerning "off-channel" communications did not abate in 2024. In total, the SEC announced more than 70 firms agreed to pay more than a half-billion dollars combined to settle charges for recordkeeping failures, including the first enforcement actions for recordkeeping violations against municipal advisors. In this penultimate installment of *Season's Readings*, we take a look at what drove these settlements this year and what may happen to the so-called "WhatsApp initiative" once there is a new driver at the SEC Division of Enforcement's helm.

Background

Rule 17a-4(b)(4) of the Securities Exchange Act of 1934 (Exchange Act) generally obligates exchange members and registered broker-dealers to maintain originals of all communications received and copies of all communications sent by them in an easily accessible format. Registered investment advisors are subject to similar, albeit narrower, record retention requirements under Rule 204-2(a)(7) of the Investment Advisors Act of 1940 (Advisors Act).

In 2021, the SEC and U.S. Commodities Future Trading Commission (CFTC) began investigating financial institutions' off-channel communications and, specifically, text and instant messages sent and received by employees on their personal devices. Since then, over 100 entities – including broker-dealers, investment advisors, municipal advisors and credit rating agencies – have been charged with violations of the recordkeeping requirements under the Exchange Act and Advisors Act and paid more than $3 billion in civil penalties.

Continue reading.

Holland & Knight LLP – Brian A. Briz and Jessica B. Magee

December 20 2024

NFMA Newsletter - December 2024

The NFMA's newsletter, the Municipal Analysts Bulletin, has been released and includes reports from officers, committee chairs and societies.

Click here to download.

MSRB Concept Release: MSRB Requests Comment on Potential Modernization of Municipal Fund Securities Disclosure Obligations

Read the MSRB RFC.

National Federation of Municipal Analysts Releases Draft Best Practices for Public Power.

The National Federation of Municipal Analysts Disclosure Committee released the Draft Recommended Best Practices in Disclosure for Public Power Electric Utilities & Joint Action Agencies (RBP) for public comment through February 15, 2025.

To download the paper, click here.

To read the press release, click here.

Orrick: FPPC Puts Focus on California Public Agency Bond Issue Mailers

Public agencies considering bond campaigns in California should take note of a recent stipulation involving information that agencies sometimes share with voters before bond referendums.

The California Fair Political Practices Commission (FPPC) zeroed in on material a school district sent voters before a bond referendum in Poway, just north of San Diego.

The FPPC alleged, and the District stipulated, that the mailer "unambiguously urged" the passage of the measure in violation of the Fair Political Practices Act and state law, and fined the District over $13,000.

The Case

- In October 2019, about six months before a primary election, the Poway Unified School District sent residents a mailer indicating it was "considering" placing a bond measure on the ballot to repair and improve schools.
- The mailer indicated how the district would use bond proceeds if voters approved the measure.
- A complaint alleged the mailer used public funds to support the measure's passage.
- The Commission's decision amounts to an implicit announcement that mailers public agencies send voters before bond referendums may run afoul of state law.

The Context

Public agencies often face competing interests when it comes to sharing information about possible bond issues.

On one hand, agencies want to provide factual information to help voters assess bond proposals. On the other hand, a 1976 California Supreme Court decision says agencies should not use public money to try to influence a question voters will decide.

Unfortunately, public agencies have had to draw the line between impermissible partisan expenditures and informational ones without clear guidance from the courts.

The California Supreme Court decision acknowledged that past cases supported a public agency's ability to make a fair presentation of facts relevant to an election matter. Even so, a number of publicly financed mailers that purported to contain only relevant factual information have nevertheless been found to constitute improper campaign literature – even when they did not explicitly exhort voters to "vote yes."

The courts have said that each case determining the propriety of an expenditure under this rubric must carefully consider the style, tenor and timing of the publication at issue.

In Poway's case, the FPPC found that the district provided detailed information about how funds would be used and accounted for and reflected the pressing need for improvements.

The FPPC stipulated that the mailer didn't use inflammatory or overly argumentative language and instead focused on presenting facts and a clear plan for addressing facilities issues. However, according to the FPPC, the mailer made an "argument" for the measure by detailing deficiencies in facilities and linking the proposed improvements to student success and safety.

The Implications

Public agencies considering bond campaigns in future years should take note of the FPPC's increased interest, and consult their attorneys prior to distributing the mailer.

The FPPC's order with Poway does not have precedential value in California courts.

However, authorities do have the ability to impose civil fines on offending entities. In some cases, they have the power to fine public officials, too.

Want to know more? Contact one of the authors (John Palmer, Eugene Clark-Herrera, Don Field and Lauren Herrera).

December.13.2024

2024 Joint Compliance Outreach Program for Municipal Market Participants - SEC Remarks

Hello, everyone:

As is customary, my comments today are provided in my official capacity as Director of the Office of Municipal Securities (OMS), but do not necessarily reflect the views of the Securities and Exchange Commission (Commission), the Commissioners, or members of the staff.

I want to start by thanking the Commission, FINRA, and MSRB staff as well as our market participants, panelists, and moderators for helping execute this year's Joint Outreach Program. We hear from market participants how important and useful this event is for understanding the actions and activities of the various market regulators. And they are also important for regulators to hear directly from you. I hope this year's event provided useful guidance, insightful discussion, and food for thought. We will also be posting resources related to the Joint Outreach Program on the

Commission's website[1] if you want to go back later and review specific items.

In these remarks, I want to summarize some important takeaways from the Joint Outreach Program in the context of some of the things that I am seeing in the municipal market.

As noted in the program's "Statutory Fiduciary Duty Panel," the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank) codified a "statutory fiduciary duty" for municipal advisors.[2] It is separate and distinct from MSRB Rule G-42.[3] The statutory fiduciary duty for municipal advisors, like other fiduciary duties, is generally said to require that a municipal advisor act in utmost good faith, use reasonable care to avoid misleading clients, and fully and fairly disclose conflicts of interest.[4] Municipal advisors also owe their municipal entity clients a duty of care and a duty of loyalty.[5]

Continue reading.

Dave A. Sanchez, Director, Office of Municipal Securities

Denver, CO

Nov. 21, 2024

SEC Charges Municipal Advisor with Failing to Register with the Commission.

November 26, 2024 – The Securities and Exchange Commission today announced settled charges against Level Field Charter Partners, LLC ("Level Field") and one its partners, David Endom ("Endom"), for failing to register as a municipal advisor and for failing to disclose material facts about the firm's registration status to their charter school clients.

The SEC's order finds that from April 2019 through December 2022, Level Field and Endom provided municipal advisory services to four charter schools in connection with six bond offerings. Those services included advice on the structure, timing, and terms of the offerings, coordinating the credit rating process, providing information on debt financing structuring options, including the sale of municipal securities, assisting in the selection of other parties to the bond financings, including underwriters, bond counsel, and municipal advisors, advising on current interest rates, participating in the bond pricing process, and making substantive edits to key transaction documents. Level Field and Endom did not disclose to their clients that the firm was not a registered municipal advisor.

The order charges Level Field with a willful violation of Section 15B(a)(1)(B) of the Securities Exchange Act of 1934 ("Exchange Act"), and charges Endom with causing Level Field's violation. The order also charges Level Field and Endom with willful violations of MSRB Rule G-17 and Exchange Act Section 15B(c)(1). Without admitting or denying the findings in the order, Level Field and Endom agreed to be censured and to cease-and-desist orders. Level Field also agreed to pay a civil penalty of $75,000, disgorgement of $25,007.38, and prejudgment interest of $2,798.94. Endom agreed to pay a civil penalty of $40,000.

The SEC's investigation was conducted by Cori Shepherd Whitten and Warren Greth, and supervised by Ivonia Slade and Rebecca Olsen, all of the Enforcement Division's Public Finance Abuse Unit.

Charter School Bonds Under Scrutiny: Procopio

SEC to Charter Schools: Avoid these risks when you engage your financing team

If you've financed a school facility – or you're thinking about it – the SEC is watching (out for) you and the financing team you hire. They've been going after unregistered advisors who have provided inadequate or conflicting advice to charter schools, exposing them to financial, reputational and legal harm.

A charter school seeking to finance school facilities will find no dearth of financial consultants and professionals offering advice about its financing options and how to navigate the process. School governing bodies and executive officers may not realize that these services are regulated under the federal securities laws enforced by the Securities and Exchange Commission (SEC) and the Municipal Securities Rulemaking Board (MSRB). Likewise, schools may not realize which advisors owe them a fiduciary duty (to put the school's interests first), and others who have no such duty.

For several years, the SEC has examined charter school bond financings and taken action against firms and individuals who may have violated federal laws and regulations in providing their services to charter schools. Such investigations can occur years after the bond transaction. The SEC's enforcement initiatives have led the SEC Office of Municipal Securities, Public Finance Abuse Unit, to issue an informational bulletin "*What Charter Schools Should Know About Municipal Advisor Regulation*," available here. The bulletin provides links to resources, including SEC and MSRB lists of registered municipal advisors, making it easier for a charter school to determine the status of people and firms offering them advice about financing school facilities. Clearly, the SEC is prioritizing its examination of charter school bond financings – a process that can consume a school's scarce resources (e.g., time and money).

Recently the SEC charged a charter school advisory firm for failing to timely and fully disclose material conflicts of interest in over $500 million of bond issues for charter schools. In September, the SEC won a judgment in a case involving fee-splitting and violations of fiduciary obligations.

Two excerpts from the bulletin:

Charter Schools Are Strongly Encouraged to Work with Only Registered MAs
A charter school should be concerned about the risks of working with an unlawfully unregistered firm or individual because such unregistered firm or individual:

- Could be operating a business in violation of federal law;
- May have a history of legal violations or conflicts of interest that are unknown to regulators and potential clients; or
- May have not taken or passed the necessary professional qualification exams, may not receive continuing education training, and may not be supervised by qualified personnel.

These risks mean that a charter school working with an unregistered individual or firm might receive inadequate advice and potentially even conflicted advice. This could result in negative outcomes including, but not limited to, a charter school choosing a method of financing that is costlier and less desirable than another option, unfair pricing in a municipal bond issuance, or other financial, reputational, and legal harms.

SEC staff is concerned that charter schools are particularly vulnerable to potential harm from unregistered MAs. Although the requirement to register as an MA has been in place for over ten

years, the SEC has filed a number of enforcement actions that involve unregistered firms and individuals who provided MA services to charter schools (see, e.g., summaries of SEC enforcement actions against charter school advisors).

and:

Charter Schools Are Strongly Encouraged to Report Potential Unregistered MA Activity or Other Potential MA Misconduct to the SEC

If you become aware of potential unregistered MA activity or other potential MA misconduct, SEC staff strongly encourages you to submit a tip, complaint, or referral (TCR) to the SEC by following the instructions. A TCR may lead to a SEC enforcement action and may be submitted anonymously.

Procopio attorneys have decades of experience with tax-exempt bond financing and SEC enforcement activity. We provide legal advice to charter schools through all stages of the facilities financing process, as well as their ongoing responsibilities in compliance with federal securities and tax laws and regulations. Procopio also advises charter schools in responding to SEC enforcement investigations, whether conducted as informal interviews or official subpoenas for documents, correspondence and other evidence that may be relevant to the investigations.

If you have any questions or concerns about these matters and how Procopio might help, please feel free to contact us.

by Edsell "Chip" M. Eady Jr.

November 25, 2024

About the Author

Of Counsel
Chip represents charter schools financing school facilities in bond and loan transactions. He counsels clients who need to comply with federal tax and securities laws and regulations, including schools involved with investigations or responding to official enforcement actions and the concerns of lenders and bond investors. Chip's practice grows from decades of work with California educators, cities, agencies and special districts with projects including public and private schools, mixed use development, affordable housing, municipal utilities, pension and retirement benefits, healthcare, cultural and recreational facilities, transportation infrastructure, green power, water and wastewater facilities, open space preservation, land development and equipment leasing.

Feedback Requested on Two GASB Exposure Drafts.

Proposals Address Subsequent Events and Updated Implementation Guidance

Feedback is requested on a proposed Statement that would clarify requirements for subsequent events and a proposed Implementation Guide that would address questions about application of several GASB pronouncements.

Learn More.

SEC More Than Doubles Muni Enforcement Filings in FY 2024.

The Securities and Exchange Commission more than doubled the number of municipal market enforcement filings in fiscal year 2024 from fiscal 2023, in a year that saw 583 total enforcement actions and a record-breaking $8.2 billion in financial remedies ordered.

Despite the great sum of financial remedies, the 583 enforcement actions represent a 26% decline in total enforcement actions compared to 2023. In each type of case, whether “stand-alone,” “follow-on” or against issuers allegedly delinquent in making required filings to the SEC, 2024 marks a notable decline in actions compared to the previous year.

“The Division of Enforcement is a steadfast cop on the beat, following the facts and the law wherever they lead to hold wrongdoers accountable,” said SEC Chair Gary Gensler. “As demonstrated by this year’s results, the Division helps promote the integrity of our capital markets to benefit investors and issuers alike.”

The Public Finance Abuse Unit, which handles municipal market cases, brought 14 cases in FY 2024, up sharply from six the prior year.

The $8.2 billion in financial remedies ordered by the Commission consists of $6.1 billion in disgorgement, again the highest amount on record, and $2.1 billion in prejudgment interest, the second highest amount on record. Notably, 56% of all financial remedies ordered are attributable to Terraform Labs and Do Kwon, who were charged with one of the largest securities frauds in U.S. history. In the case, defendants were ordered to pay more than $4.5 billion, the highest remedies ever obtained by the SEC following a trial.

Outside of the Terraform Labs and Do Kwon trial, it appears the SEC credits the number of filings this year to the willing participation of market participants. “Market participants across the spectrum – from public companies to major broker-dealers and advisory firms – stepped up efforts to self-report, remediate, and meaningfully cooperate with our investigations, answering our call to foster a culture of compliance,” said Sanjay Wadhwa, Acting Director of the SEC’s Division of Enforcement.

Fiscal 2024 additionally marks the Commission’s first cases charging recordkeeping violations against municipal advisors. As of September, the SEC announced that the parties found in violation include Acacia Financial Group Inc., Caine Mitter and Associates Inc., Kaufman Hall and Associates LLC, Montague DeRose and Associates LLC, PFM Financial Advisors LLC, Phoenix Advisors LLC, Public Resources Advisory Group Inc., and Zions Public Finance Inc.

Each firm was charged with supervision failures and with violating certain recordkeeping provisions of both the Securities Exchange Act and the rules of the Municipal Securities Rulemaking Board. Each firm was censured and ordered to cease and desist from future violations of the relevant recordkeeping provisions, along with being ordered to pay civil penalties.

“The books and records requirements are critical to facilitating Commission inspections and examinations of municipal advisors and in evaluating a municipal advisor’s compliance with the applicable federal securities laws,” said Rebecca Olsen, Deputy Chief of the SEC’s Division of Enforcement Public Finance Abuse Unit.

Apart from financial remedies and recordkeeping violations, 2024 marks a significant year for the Commission in terms of enforcement. This year, the SEC obtained orders barring 124 individuals from serving as officers and directors of public companies, the second-highest number of such bars obtained in a decade. The Commission also received 45,130 tips, complaints, and referrals in fiscal year 2024, the most ever received in one year, including more than 24,000 whistleblower tips, more than 14,000 of which were submitted by two individuals.

“The varied enforcement actions recommended in fiscal year 2024 demonstrate the Division keeping pace with emerging threats,” said Sam Waldon, Acting Deputy Director of the Division of Enforcement. “I could not be prouder of the dedicated and talented staff of the Division of Enforcement who work tirelessly to hold wrongdoers accountable, promote compliance, and help promote investor trust in the markets.”

By Layla Kennington

BY SourceMedia | MUNICIPAL | 08:43 AM EST

FAF Board of Trustees Reappoints and Names New GASB Members, Reappoints GASAC Chair and Appoints New GASAC Vice Chair

Norwalk, CT, November 19, 2024 — The Board of Trustees of the Financial Accounting Foundation (FAF) today announced the appointment of Robert W. Scott to a five-year term on the Governmental Accounting Standards Board (GASB). Mr. Scott currently serves as the director of finance and administration for the city of Brookfield, Wisconsin. His term begins July 1, 2025, and extends through June 30, 2030.

The Trustees also announced the reappointment of Dianne E. Ray to a second term on the GASB. This will extend her service through June 30, 2030.

Robert W. Scott Appointment to GASB

Mr. Scott has been the director of finance and administration for the city of Brookfield, Wisconsin since 1999. Prior to joining the city of Brookfield, he served in similar financial management positions for Milwaukee Area Technical College and the cities of Franklin and Cedarburg, Wisconsin. Before entering the public sector, he was employed as an audit manager with the accounting firm of Deloitte & Touche. He joined the Governmental Accounting Standards Advisory Council (GASAC) in 2011 as a representative of the Government Finance Officers Association (GFOA) and served as chair from 2015-2021.

“The FAF Board of Trustees would like to welcome Robert to this role,” said FAF Chair Edward Bernard. “With over 35 years of professional experience auditing, reviewing, and preparing local government financial statements, he brings both a technical and practical understanding of the role accounting plays in advancing transparency and accountability in government.”

“Robert’s previous service to the mission of the GASB, as chair of the Governmental Accounting Standards Advisory Council (GASAC), sets the stage for the role he will play as a member of the GASB,” said Joel Black, chair of the GASB. “He possesses a proven understanding and dedication to the standards-setting process, we are pleased to be working with him again, in this new capacity.”

Mr. Scott will succeed outgoing GASB Member Brian W. Caputo, whose second term concludes on

June 30, 2025.

Dianne E. Ray Reappointment to GASB

Ms. Ray was appointed to her first term on the GASB in 2020. She is the former Colorado state auditor, having served in that role for 10 years. During her tenure she was recognized for her innovative leadership style and was named one of three “Women to Watch” in the Experienced Leadership category by the Colorado Society of Certified CPAs. Prior to becoming a state auditor, Ms. Ray was the deputy state auditor for the Office of the State Auditor (OSA), for the state of Colorado.

“Dianne’s practical experience and understanding of issues facing state auditors, makes her perspective an important asset to our process,” said FAF Chair Edward Bernard.

Additionally, the Trustees are pleased to announce the reappointment of Robert Hamilton to the role of GASAC chair and the appointment of Ms. Suzanne Lowensohn to the role of vice chair for the GASAC.

Robert Hamilton Reappointed as GASAC Chair

Mr. Hamilton’s second term as GASAC chair will continue through December 31, 2026. Mr. Hamilton joined the GASAC in 2021 and was initially appointed GASAC chair in January 2024.

Mr. Hamilton has been with the Department of Administrative Services for the state of Oregon since 2012, where he currently serves as controller. He is actively involved with the National Association of State Comptrollers (NASC), currently serving as vice chair, and represents the National Association of State Auditors, Comptrollers and Treasurers (NASACT) as a member of the GASAC, under which he has served as vice chair and now chair. Robert was a member of the GASB’s Disclosure Framework Task Force and is serving on the task force for Revenue and Expense Recognition. He is a certified public accountant (CPA) and received his degree from the University of Oregon.

Suzanne Lowensohn Appointed as GASAC Vice Chair

Dr. Lowensohn, an associate professor of accounting and Director of the Master of Accountancy program at the University of Vermont, Grossman School of Business, has been appointed to serve as vice chair of the GASAC. A current member of the GASAC, representing the American Accounting Association (AAA), she will serve in this role for one year, concluding on December 31, 2025.

Dr. Lowensohn joined the University of Vermont’s faculty in 2016 and currently teaches managerial, governmental, and not-for-profit accounting. She was named 2022-2023 faculty member of the year for the university’s Sustainable Innovation MBA program and 2021 teacher of the year for their Master of Accountancy program. She has previously taught at Colorado State University, Barry University, and the University of Southern Maine and had worked as an auditor with KPMG. She has served on the GASB’s Disclosure Framework Task Force and is a former president of the AAA Government & Nonprofit Section. In addition, Suzanne served as a GASB academic fellow and has been a member of the GASAC since 2022.

GASB Third Quarter Chair Report Available.

View the Q3 Chair Report.

November 14, 2024

MSRB Seeks Board of Directors Applicants.

Washington, D.C. – The Municipal Securities Rulemaking Board (MSRB) is soliciting applications for four positions on its Board of Directors for the 2026 fiscal year. Selected candidates will be elected to four-year terms beginning October 1, 2025, where they will have the opportunity to advance the MSRB's mission to protect investors, issuers and the public interest.

"This year the Nominating Committee is looking for one municipal advisor, one broker-dealer, and two public representatives to join the Board," said Katano Kasaine, MSRB Board member and Chair of the Nominating Committee. "We encourage qualified candidates with a commitment to advancing a fair and transparent municipal securities market to apply."

MSRB's Board is charged with setting regulatory policy, authorizing rulemaking, enhancing market transparency systems and overseeing operations for the organization. The Board is currently overseeing the execution of the MSRB's FY 2022-2025 strategic goals, with a focus on modernizing the MSRB rule book, enhancing municipal market transparency through technology and data and upholding the public trust through fiscal transparency as well as a commitment to social responsibility, diversity, equity and inclusion. Board members are compensated for their service.

Board Composition and Available Positions
The Board is composed of 15 members, which must include eight members who are representatives of the public, including investors, municipal entities and other individuals not regulated by the MSRB, and seven members from firms that are regulated by the MSRB, including representatives of banks, broker-dealers, and municipal advisors. During the current nominating process, the Board will elect two public and two regulated representatives to join the Board on October 1, 2025. Among the regulated positions, the Board must elect one non-dealer municipal advisor representative and one broker-dealer representative. Potential applicants should review the MSRB's FAQs on Board Membership Categories and Eligibility for the requirements for the non-dealer municipal advisor and broker-dealer representative categories. All applicants must be knowledgeable of matters related to the municipal securities market.

Application Details
Applications are made through the MSRB Board of Directors Application Portal and will be accepted from January 6, 2025, through February 14, 2025. At least one letter of recommendation must be submitted with the application.

Additional details on the Board application process, including a copy of the application form, information about Board service requirements and FAQs are available on the MSRB's website. Questions regarding the application and selection process should be directed to Jake Lesser, General Counsel, at 202-838-1395 or jlesser@msrb.org.

Date: November 18, 2024

Contact: Aleis Stokes, Chief External Relations Officer
202-838-1500
astokes@msrb.org

SEC to Charter Schools: Use Registered Municipal Advisors - Orrick

The SEC is reminding charter schools to seek advice on municipal securities only from registered municipal advisors.

A bulletin from the SEC's Office of Municipal Securities and Division of Enforcement's Public Finance Abuse Unit follows recent enforcement actions against unregistered municipal advisors in the charter school sector.

Advisors Must Register

The SEC aimed its bulletin at people who make financial decisions for charter schools.

- It warns about consultants, financial advisors, real estate developers and others who may offer financial advice to charter schools on topics that fall under the SEC's purview.
- Many of these individuals are not registered municipal advisors and do not serve as fiduciaries to their clients, the SEC says.

The law considers any group that advises a charter school on municipal securities to be a municipal advisor that must register with the SEC.

Protecting Borrowers

The SEC regulates municipal advisors to protect borrowers from abuses, including "undisclosed conflicts of interest, advice rendered without adequate training or qualifications, and placing their own interests ahead of their clients' interests."

Charter schools that receive inadequate or conflicted advice could experience costlier and less desirable financings.

Check the SEC's list of registered municipal advisors

Orrick, Herrington & Sutcliffe LLP

November 15, 2024

SEC Informational Bulletin: What Charter Schools Should Know About Municipal Advisor Regulation

The SEC's Office of Municipal Securities and Division of Enforcement, Public Finance Abuse Unit, are issuing this Informational Bulletin to help educate those who make financial decisions on behalf of charter schools—including charter school applicants, charter school administrators, charter school management organizations or operators, and charter school governing boards—on important considerations when working with anyone who provides advice on the issuance of municipal securities (e.g., municipal bonds) or other related topics but is not registered as a "municipal advisor."

Who Are "Municipal Advisors?"

Are you looking to acquire charter school facilities? Are you considering constructing a facility, purchasing a completed facility, or renovating an existing facility? Are you considering refinancing debt previously incurred with respect to a facility?

If so, you may be approached by—and ultimately choose to hire—an outside "consultant," "financial advisor," "real estate developer," support specialist," or other self-described "expert" who says they can help you arrange funding for your charter school facilities. This advisor may provide services such as developing a financing plan and evaluating different financing options and structures, including the use of municipal bonds. If you consider raising funds through the issuance of municipal bonds, this advisor might help you select other parties to a financing such as lawyers and underwriters, prepare a disclosure document describing the terms of the financing, evaluate and negotiate financing terms, or recommend how funds raised through a municipal bond offering should be invested if you do not plan to spend all funds immediately. While not an exhaustive list, any person providing services involving advice with respect to the issuance of municipal securities would be engaging in "municipal advisory activity."

When a person provides you with advice on the issuance of municipal bonds or other related topics (e.g., evaluating different financing options and structures or on the selection of other parties to the financing), they may be considered a "municipal advisor" or "MA"—a category of financial professionals regulated by the SEC under federal law. A municipal advisor owes a fiduciary duty to its municipal entity clients.[1] An MA may provide valuable services to your charter school. The SEC regulates MAs in part to protect both issuers of municipal bonds and those who borrow the proceeds of municipal bonds, including charter schools, from potential abuses such as undisclosed conflicts of interest, advice rendered without adequate training or qualifications, and placing their own interests ahead of their clients' interests, all of which could cause harm to your charter school, including but not limited to increased financing costs.

A Wide Range of People May Be Considered MAs

A person may be considered an MA regardless of the title they use (such as the various titles above), the other professional statuses they may hold, or the type of business they are affiliated with (which may or may not be financial in nature). For instance, a charter school could potentially receive advice—and therefore be dealing with an MA—from a wide range of actors, including: (a) a firm that is not necessarily financial in nature, such as a charter school consulting firm, a real estate development firm, or a construction firm; (b) a financing firm that offers bridge financing, loans, and/or grants to charter schools; or (c) in the most straightforward case, a standalone MA firm that plainly markets itself as a "municipal advisor" or "financial advisor."

The takeaway is this—any person engaging in municipal advisory activities is considered an MA (unless specific exclusions/exemptions apply)[2] and therefore must be registered before engaging in those activities.

Federal Law Requires MAs to Register with the SEC and MSRB

Under federal law, a person must register with both the SEC and the Municipal Securities Rulemaking Board ("MSRB") prior to engaging in "municipal advisory activities." A person generally must register with the SEC by filing forms that disclose a variety of information which may be pertinent to clients or potential clients, such as information about its business and disciplinary history. These forms, each of which include "MA" in the name, are available to the public for review, free of charge, on the SEC's EDGAR website.

MAs are also subject to conduct rules that provide significant protections to their clients, including

charter schools. A summary of these rules may be found in the MA client brochure posted on the MSRB website.

Charter Schools Are Strongly Encouraged to Work with Only Registered MAs

A charter school should be concerned about the risks of working with an unlawfully unregistered firm or individual because such unregistered firm or individual:

- Could be operating a business in violation of federal law;
- May have a history of legal violations or conflicts of interest that are unknown to regulators and potential clients; or
- May have not taken or passed the necessary professional qualification exams, may not receive continuing education training, and may not be supervised by qualified personnel.

These risks mean that a charter school working with an unregistered individual or firm might receive inadequate advice and potentially even conflicted advice. This could result in negative outcomes including, but not limited to, a charter school choosing a method of financing that is costlier and less desirable than another option, unfair pricing in a municipal bond issuance, or other financial, reputational, and legal harms.

SEC staff is concerned that charter schools are particularly vulnerable to potential harm from unregistered MAs. Although the requirement to register as an MA has been in place for over ten years, the SEC has filed a number of enforcement actions that involve unregistered firms and individuals who provided MA services to charter schools (see, e.g., summaries of SEC enforcement actions against charter school advisors).

How Can Charter Schools Confirm an Individual or Firm Is a Registered MA?

- Interested parties can find the names of all SEC-registered MAs.
- A list of MSRB-registered MA firms and their associated qualified representatives.

Charter Schools Are Strongly Encouraged to Report Potential Unregistered MA Activity or Other Potential MA Misconduct to the SEC

If you become aware of potential unregistered MA activity or other potential MA misconduct, SEC staff strongly encourages you to submit a tip, complaint, or referral ("TCR") to the SEC by following the instructions. A TCR may lead to a SEC enforcement action and may be submitted anonymously.

Where Can Charter Schools Find More Information About MAs?

More information about the SEC's regulation of MAs is available at the Office of Municipal Securities website.

The MSRB also provides educational material on various topics related to MAs at its Education Center website that may be helpful to charter schools seeking additional information.

For additional information, call the Office of Municipal Securities at 202-551-5680, or email us at Munis@SEC.gov.

This Informational Bulletin represents the views of the staff of the Office of Municipal Securities and the Division of Enforcement, Public Finance Abuse Unit. It is not a rule, regulation, or statement of the Securities and Exchange Commission ("Commission"). The Commission has neither approved nor disapproved its content. This Bulletin, like all staff statements, has no legal force or effect: it does

not alter or amend applicable law, and it creates no new or additional obligations for any person.

[1] Charter schools are generally considered municipal entities because they are public schools and derive their charter from a political subdivision of a state. See Registration of Municipal Advisors, SEC Release No. 34-70462 (Sept. 20, 2013), 78 FR 67468, 67486 (Nov. 12, 2013).

[2] These exclusions include but are not limited to: (i) certain public officials and employees providing advice within the scope of their official capacity or employment; (ii) broker-dealers serving as an underwriter; (iii) certain investment advisers providing investment advice; (iv) banks engaging in traditional banking activity; and (v) attorneys offering legal advice or providing services of a traditional legal nature. There is also an exemption for accountants providing audit or other attest services or preparation of financial statements.

Muni Disclosure: Time to Bring In SEC?

After decades of what investors see as inadequate disclosure from cities, towns and states, it's time to consider a fundamental change in the $4 trillion municipal bond market: direct federal oversight.

That's the argument from a pair of market veterans who admit it's a provocative position for a market that is famously distinctive in its power of self-regulation.

Issuers and their bond counsel, unsurprisingly, are dead set against the proposal.

In a pair of articles posted on University of Chicago Booth School of Business academic journal Promarket, public finance attorney David Dubrow, a partner at ArentFox Schiff, and former director of the Office of State and Local Finance at the U.S. Treasury Kent Hiteshew lay out their case for why it's time for the Securities and Exchange Commission to step in and directly oversee issuer disclosure or, at the least, expand its anti-fraud powers over underwriters to include specific disclosure requirements.

The first piece, published Oct. 22, is titled "Decades of Regulatory Exemptions Have Been to the Detriment of the Municipal Bond Market," and outlines the history of issuer exemption and the later adoption of indirect regulation through underwriters.

The second piece, published Oct. 23, is titled "The Case for Modernizing Municipal Bond Disclosure Transparency," and outlines an argument for increased oversight, either through Congress or the SEC, and offers guidelines to enhance consistency and transparency and bring muni disclosure "into the modern era."

"We understand some of the things we said will be controversial," Hiteshew said. "But we have, in the span of several years, the largest defaults ever in Detroit, Jefferson County [Alabama] and Puerto Rico, and we've had no discussion of whether improved disclosure may be appropriate," he said. "We thought it would be a good time to have that conversation."

They sent the articles to the SEC and Municipal Securities Rulemaking Board.

The debate over disclosure by government entities issuing municipal bonds stretches back decades. While the muni market has been partially exempt from Securities and Exchange Commission oversight since the commission's creation in 1933, there have been tweaks along the way to increase oversight.

Most of the changes came in the wake of high-profile troubled municipal events, Dubrow and Hiteshew noted in their article.

It was New York City's near default in 1974 that created the Municipal Securities Rulemaking Board as a self-regulatory body. The Washington Public Power Supply System's bankruptcy and default on $2.2 billion of bonds in 1983 prompted the SEC to use its anti-fraud powers for indirect regulation through the creation of Rule 15c2-12 requiring underwriters to impose disclosure requirements, which was amended in 1994 to include continuing disclosure.

In addition to the defaults, " the municipal market has changed a lot," Dubrow said. One-third of the market now consists of private activity bonds issued for borrowers who often act more like private entities than traditional muni issuers, said Dubrow, who works on restructurings, workouts and bankruptcies.

"That's a big deal in the sense that the disclosure and requirements in the municipal market are different than when these private entities go to market in the corporate market, and so there's certain advantages to using the muni market, but the disclosure requirements really shouldn't be different," he said.

Increasing oversight could either come through Congress repealing the Tower Act, which restricts direct SEC and MSRB authority, so the two bodies could directly regulate issuer offering statements, or by expanding the SEC and MSRB anti-fraud regulatory authority over broker-dealers to include specified disclosure requirements within Rule 15c2-12.

Dubrow and Hiteshew prefer the statutory route. "That's very straightforward and they'd be passing a law that would require issuers to do these things," Dubrow said.

Congress could direct the SEC to differentiate between different issuers, they proposed. "For example, conduit borrowers should be treated more akin to the corporate-like issuers they truly represent and subjected to more rigorous standards consistent with their much higher default experience. In addition, small, infrequent governmental issuers might be afforded more abbreviated standards than larger, regular governmental issuers."

The pair outline eight guidelines for enhancing transparency in offering documents, including readability, robust risk sections, and timely audits.

From the perspective of the local governments and states who issue bonds, and the bond counsel who represent them, direct regulation is an unnecessary overreach of federal power.

Repeal of the Tower Amendment "is a nonstarter for us," said Jason Akers at Foley & Judell, LLP, president of the National Association of Bond Lawyers, in an email.

"We recognize the need for disclosure practices to evolve with changes in the market, but we don't need to burn the existing system to the ground to foster greater transparency," Akers said. "It would be more productive to have inclusive industry discussions about if and how we move toward some of these guidelines, rather than asking Congress or regulators to force it upon such a sizeable and diverse market," he said. "Market practices are constantly evolving and improving, and industry efforts within the existing regulatory paradigm have led to some of the most positive developments in municipal disclosure over the years."

Issuers themselves are well aware of the importance and market benefits of solid disclosure and work hard at meeting best practices, said Emily Brock, federal liaison for the Government Finance Officers Association.

The GFOA's best practices ranges "from primary through continuing and to voluntary disclosure practices and are practiced by issuers throughout the United States," Brock said. "The articles fail to acknowledge the voluntary work issuers have already done and will continue to do to move the needle forward on municipal disclosure."

As someone who has been tracking the disclosure debate since the 1980s, Rich Ciccarone, president emeritus of Merritt Research Services, said while some disclosure areas, like accessibility and comparability, have improved, others, like timeliness, remain a big problem. States like Illinois and California have still not filed their 2023 audits, he noted.

"That creates a serious vulnerability in the integrity of the municipal bond market," said Ciccarone, who penned an article for the Wall Street Journal in 1987 titled "Municipal bondholders need more information."

"The history of self-regulatory improvements have met a lot of our expectations and created a very substantial framework to complete the job," he said. "But I would say right now that I think a measured response from the regulatory arena is in order."

By Caitlin Devitt

BY SourceMedia | MUNICIPAL | 11/01/24 11:29 AM EDT

SEC Division of Examinations 2025 Exam Priorities - a Focus on Artificial Intelligence, Private Funds, and Cybersecurity: MoFo

On October 21, 2024, the U.S. Securities and Exchange Commission's ("SEC") Division of Examinations ("EXAMS") announced its 2025 Examination Priorities (the "2025 Priorities"), highlighting areas that it expects to target during examinations in 2025. The 2025 Priorities reinforce many of the same areas of focus as the 2024 priorities, including investment advisers to private funds, conflicts of interest disclosures, Regulation Best Interest ("Reg BI"), cybersecurity, and crypto assets. The 2025 Priorities also signal heightened attention to emerging areas of concern, including the use of artificial intelligence ("AI") and client exposure to commercial real estate.

Registered investment advisers ("RIAs"), registered investment companies ("RICs"), and broker-dealers should carefully review the 2025 Priorities to ensure their compliance systems and policies are up to date, monitored, and enforced. Indeed, given the SEC's history of pursuing enforcement actions in areas highlighted in prior years as Examination Priorities, appropriate attention to the 2025 Priorities today could save regulated entities considerable resources down the road.[1]

> **Ed. Note:** "The 2025 Priorities note that EXAMS will continue to focus on:
>
> Municipal advisors, including whether they have met their fiduciary duty to municipal entity clients, as well as whether municipal advisors have complied with MSRB Rule G-42, which establishes the core standards of conduct and duties applicable to non-solicitor municipal advisors."

Continue reading.

Morrison & Foerster LLP – Kelley A. Howes, Sarah Y. Hanni, Derek N. Steingarten, Michael D. Birnbaum, Haimavathi V. Marlier, Val Dahiya and Aaron J. Russ

November 1 2024

SEC Division of Examinations Announces 2025 Exam Priorities: Mayer Brown

Priorities Include Artificial Intelligence and Other Emerging Technologies, Complex Products, Reg BI, Cybersecurity, Outsourcing, Private Funds and Compliance with New and Amended SEC Rules

On October 21, 2024, the Division of Examinations ("EXAMS" or the "Division") of the U.S. Securities and Exchange Commission ("SEC") released its examination priorities (the "2025 Priorities") for fiscal year 2025 (which started October 1, 2024).1 Over the course of 2025, the Division intends for its examinations to focus on the use of artificial intelligence ("AI") and other emerging technologies (including digital engagement practices ("DEPs")), complex products, cybersecurity, outsourcing, private fund advisers, and compliance with new and amended SEC rules, such as the recent amendments to Regulation S-P and SEC rule changes relating to the securities industry's transition to a T+1 standard settlement cycle for most securities transactions.

In this Legal Update, we provide a brief overview of the 2025 Priorities, with a focus on topics relevant to broker-dealers and investment advisers.

> **Ed. Note:** "Please see Additional areas for examination include broker-dealers' trading practices associated with trading in pre-IPO companies, sales of private company shares in secondary markets, and execution of retail orders. Regarding retail order execution, the Division's reviews will include: (1) whether retail orders are marked as "held" or "not held," and the consistency of such markings with retail instructions, and (2) *the pricing and valuation of illiquid or retail-focused instruments such as variable rate demand obligations, other municipal securitie*s, and non-traded real estate investment trusts (REITs). Finally, in relation to Regulation SHO, the Division will review whether broker-dealers are appropriately relying on the bona fide market making exception, including whether quoting activity is away from the inside bid/offer."

Continue reading.

Mayer Brown LLP – Steffen Hemmerich, Adam D. Kanter, Timothy B. Nagy, Anna T. Pinedo, Stephen Vogt, Mark X. Zhuang and Leslie S. Cruz

November 4 2024

MSRB Seeks Input on Rate Card Fee-Setting Framework.

Initiative Reinforces MSRB's Focus on Financial Transparency and Stakeholder Engagement

Washington, D.C. – The Municipal Securities Rulemaking Board (MSRB) has issued a Request for Information (RFI) seeking input on its fee-setting process to evaluate potential modifications to its rate card model. The RFI follows extensive stakeholder dialogue and engagement efforts throughout 2024 to better understand the perspectives of market participants, specifically related to the impact of market volatility on fees. The RFI seeks further input from regulated entities, issuers, investors and the public to better inform MSRB's retrospective review of the rate card process.

"MSRB's primary objectives in establishing the rate card model has been to increase transparency, maintain an equitable balance of fees among regulated entities and mitigate the impact of market volatility on MSRB's revenues, all while managing the MSRB's reserves to target levels," MSRB CEO Mark Kim said. "Through our retrospective review of the rate card model and the RFI released today, MSRB looks forward to receiving public comments to help inform improvements to our fee-setting process to responsibly fund the future of regulation, while advancing MSRB's Congressional mandate."

The rate card model applies to the establishment of the underwriting, transaction, and trade count fees for dealers under MSRB Rule A-13, and the municipal advisor professional fee under MSRB Rule A-11, with such rate card fees anticipated to be set generally on an annual basis.

MSRB will not file a new set of rate card fees for calendar year 2025. Instead, it plans to leverage input from the RFI to determine whether any modifications to the model are warranted so that any changes can be instituted, and new rate card fees can be established for calendar year 2026 if necessary or appropriate.

MSRB seeks input on the following topics:

- Rate-setting process for dealers;
- Rate-setting process for municipal advisors;
- Fee distribution across regulated entities; and
- Management of organizational reserves

Responses to the RFI are due January 31, 2025.

Read the Request for Information.

Date: October 30, 2024

Contact: Aleis Stokes, Chief External Relations Officer
202-838-1500
astokes@msrb.org

ESG Compliance in Managing State & Municipal Public Pension Assets - Eversheds

Navigating the complexities of ESG legislation, regulations and investment policy statements

One investment attorney offers his expertise and insights on the complexities surrounding ESG investment policies within state and municipal retirement plans

We spoke to Ethan Corey, a Senior Counsel at Eversheds Sutherland, about the nuances of various policy statements, the impact of state legislations, and the necessity of thorough review to grasp how investment policies are implemented and have evolved across different states.

Corey provides a comprehensive understanding of the challenges and considerations asset managers and proxy voting providers face in navigating the ever-changing landscape of investing in mandates that incorporate one or more environmental, social & governance (ESG) objectives.

Continue reading.

Thomson Reuters

October 23, 2024

SEC Charges Municipal Advisor and its Managing Director with Failing to Timely and Fully Disclose Material Conflicts of Interest to Charter School Clients.

October 24, 2024 – The Securities and Exchange Commission today charged that Hamlin Capital Advisors, LLC (Hamlin Advisors) a registered municipal advisor, and its associated person and Managing Director, Michael Ferrell Braun, failed to timely and fully disclose material conflicts of interest and engaged in related violations including violations of Municipal Securities Rulemaking Board (MSRB) rules and that Hamlin Advisors breached its fiduciary duty with respect to its disclosure violations. Hamlin Advisors and Braun agreed to settle the charges without admitting or denying the SEC's findings.

According to the SEC's order, from September 2017 to at least April 2022, Hamlin Advisors and Braun provided advice to certain charter schools (directly or indirectly through related borrower entities) on the issuance of municipal bond offerings totaling over $500 million in aggregate principal amount. The SEC found that, in each of these issuances, Hamlin Advisors's affiliate, a registered investment adviser ("Hamlin Affiliate"), purchased either all or a substantial portion of the offered bonds. In most instances, Hamlin Affiliate also acted as compensated bondholder representative. According to the order, this affiliate relationship created a material conflict of interest which was not timely disclosed to the charter school clients until several days or sometimes weeks after Hamlin Advisors began advising on the structure, timing, and terms of the particular offerings at issue. The SEC found that Braun provided the advice to the clients and was responsible for providing the conflicts disclosure and the agreements for municipal advisory services. The SEC also found that when Hamlin Advisors and Braun did disclose that a material conflict of interest existed because of Hamlin Advisors's affiliation with Hamlin Affiliate, the disclosure was inadequate

because it only disclosed that the firms had certain common ownership and both firms could "receive fees." It did not disclose that Hamlin Advisors had a financial incentive that was opposed to the interests of the clients, due to its affiliation with the Hamlin Affiliate. Further, the SEC's order found that Hamlin Advisors's disclosure was inadequate because it did not adequately describe the nature, implications, and potential consequences of the conflict, and did not disclose how it planned to manage and mitigate the conflict. In addition, the SEC found that, in their advisory agreements with the clients, Hamlin Advisors and Braun did not accurately describe the scope of Hamlin Advisors's municipal advisory services for the deals at issue. Finally, the SEC's order found that Hamlin Advisors's written supervisory procedures were not reasonably designed to achieve compliance with the applicable securities laws and regulations, including the applicable MSRB rules.

Hamlin Advisors and Braun consented to the SEC's cease-and-desist order censuring them and finding that they violated Section 15B(c)(1) of the Exchange Act by violating MSRB Rules and that they violated MSRB Rules G-17 and G-42, and finding that Hamlin Advisors violated Section 15B(c)(1) of the Exchange Act by violating its fiduciary duty and that it violated MSRB Rule G-44. Hamlin Advisors also agreed to pay a civil penalty of $200,000 and Braun agreed to pay a civil penalty of $75,000.

The SEC's investigation was conducted by Michael J. Adler and was supervised by Peter J. Diskin of the Enforcement Division's Public Finance Abuse Unit and the SEC's Atlanta Regional Office.

File No. 3-22274

Last Reviewed or Updated: Oct. 24, 2024

The Case for Modernizing Municipal Bond Disclosure Transparency.

In this second installment of a two-part series, David Dubrow and Kent Hiteshew propose reforms to improve disclosure standards in the municipal bond market, exploring both legislative and regulatory approaches. They outline eight key guidelines for enhancing transparency and consistency in municipal offering statements, aiming to bring these disclosures into the modern era and better protect investors.

Part one recounted the history of how the municipal bond market was exempted from regulation under the Securities Acts adopted in the 1930s and how the SEC, beginning in the 1970s, used its anti-fraud powers over broker-dealers to partially overcome the statutory exemption. Notwithstanding these efforts, municipal bond disclosure remains ungoverned by uniform disclosure standards.

As noted in Part one, the only two major municipal regulation efforts followed significant market failures: the 1975 Amendments and creation of the MSRB following New York City's financial crisis; and, Rule 15c2-12 following the WPPSS default in the 1980s. So, it is particularly noteworthy that there has been virtually no relevant federal legislation enacted or SEC regulations issued in the wake of the far larger investor losses experienced by municipal investors after the historic Detroit and Puerto Rico bankruptcies of the last decade. In fact, with the exception of a single broker-dealer affiliate's closed-end bond funds, there have been virtually no SEC enforcement actions brought against any of the Detroit or Puerto Rico parties. Accordingly, it may be an appropriate time to revisit the unique exemption from uniform disclosure standards of the Securities Acts that continues to plague the municipal bond market.

Continue reading.

promarket.org

By David Dubrow and Kent Hiteshew

October 23, 2024

Decades of Regulatory Exemptions Have Been to the Detriment of the Municipal Bond Market.

Two municipal market veterans, David Dubrow and Kent Hiteshew, delve into the history and current state of disclosure practices in the municipal bond market, highlighting the flaws in the current system. In a follow up, the authors will explore potential paths to reform and key components of a uniform standard of disclosure for municipal securities.

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While consistent with applicable securities laws, the customs and practices for preparing offering statements for tax-free municipal securities are functionally and practically flawed. This reality is to the detriment of the municipal bond market and its investors.

The four trillion dollar United States municipal bond market comprises a dizzying array of governmental issuer types and credit structures. These range from simple general obligation bonds of state and local governments to revenue bonds issued by government conduits and secured by real estate projects or certain other private enterprises granted access to tax-free debt by the federal tax code. Other than the applicability of the anti-fraud provisions of federal securities laws, however, offering statements for new municipal securities are exempt from uniform disclosure standards. This is distinctly different from corporate securities which are regulated under federal law. Consequently, while disclosure is required to be materially accurate, it is too often not user friendly and negatively affected by motivations of critical market participants. Inconsistent and confusing disclosure contributes to market opacity and illiquidity and prevents investors from being able to properly evaluate the full risks of their potential purchases.

Unregulated municipal disclosure practices can be adversely influenced by a number of factors. Issuers may view their disclosure as a marketing device to promote the sale of their bonds rather than an objective description of the security and its risks. Underwriters may not be sufficiently critical of proposed disclosure for fear of losing future business opportunities with the issuer. Appraisers and market experts hired by issuers or conduit borrowers may produce overly-optimistic reports to satisfy the needs of those that hire them. And lawyers, who draft offering statements, may be overly motivated by protecting themselves from legal liability thereby quoting dense legal documents rather than summarizing such documents in plain English. Overly legalistic document drafting is reinforced by cost pressures and over-reliance on precedent.

Continue reading.

promarket.org

By David Dubrow and Kent Hiteshew

October 22, 2024

Impact of Shorter T+1 Settlement Cycle on US Markets More Severe than Expected, Citi Survey Finds.

The transition to a shorter settlement cycle for US securities transactions has had a more profound impact than anticipated, according to a recent Citigroup survey.

Implemented in May, the new timeline reduced the settlement period for equities, corporate bonds, and municipal bonds from two business days to one, known as T+1.

While this acceleration was designed to enhance market efficiency, it has introduced unforeseen challenges for global market participants.

Citigroup's Securities Services Evolution survey, conducted in June with nearly 500 institutions, reveals that 44% of buy- and sell-side firms found the shift to T+1 to be "more impactful than expected."

This finding highlights the broader implications of the accelerated settlement cycle on the trading ecosystem.

Continue reading.

msn.com

Story by Vatsala Gaur

NFMA Comments on FDTA.

On October 21, 2024, the National Federation of Municipal Analysts submitted comments to the SEC on the proposed rule, FDTA, the Financial Data Transparency Act Joint Data Standards. To read the NFMA's comment letter, click here.

To view the comment letters from other industry stakeholders, go to SEC.gov and/or the Federal Register.

MSRB Advances Important Initiatives at Quarterly Board Meeting.

Washington, D.C. – The Board of Directors of the Municipal Securities Rulemaking Board (MSRB) met on October 23-24, 2024, holding the first quarterly meeting of fiscal year 2025 and the first meeting under the direction of Board Chair Warren "Bo" Daniels and Vice Chair Jennie Bennett. The Board discussed its FY2025 regulatory agenda and priorities, key market structure and market transparency initiatives, and other actions necessary to advance its FY 2022-2025 Strategic Plan.

"The progress the Board made during our first quarterly meeting—not only setting our priorities but

also taking several key actions—establishes a robust regulatory agenda for the year ahead," Daniels said. "MSRB's highest priority is to fulfill our congressional mandate to protect investors, issuers and the public interest by promoting a fair and efficient municipal market, and I am confident this Board will do just that."

Market Regulation

The Board discussed regulatory matters and acted on several ongoing initiatives including:

- **Rate Card:** Discussed the forthcoming Request for Information (RFI) regarding MSRB's rate card and fee-setting process to evaluate potential modifications to the model.
- **Rule D-15:** Approved the issuance of a Request for Comment on the definition of sophisticated municipal market professionals (SMMPs).
- **Rule A-12:** Approved filing an amendment with the SEC to enhance the collection of information related to bank dealer associated persons.
- **Rule G-27:** Discussed industry feedback in connection with remote supervisory obligations.

Market Structure
The Board continued its on-going discussion of pre-trade municipal market data. The Board discussed feedback received in a series of meetings with market participants following its initial approval of the publication of a concept release in July and agreed to continue an open dialogue with stakeholders as the concept release is finalized.

Market Transparency
The Board received a live demonstration of a "beta" version of the modernized Electronic Municipal Market Access (EMMA) website. The modernized EMMA features myriad stakeholder-driven enhancements to the user interface and experience, including a more powerful search engine and the ability to customize user-generated dashboards, among other improvements.

MSRB Leadership Update
Tangie Davis was promoted to serve as the MSRB's Chief of Staff, having served MSRB most recently as Deputy Chief of Products and Services. Tangie has been with MSRB since 2011. In her new role, she reports to MSRB CEO Mark Kim and oversees the organization's information technology services, finance, human resources, and administration functions.

"I am delighted to welcome Tangie to MSRB's senior leadership team," Kim said. "Tangie is a trusted partner who brings deep experience and knowledge of MSRB and our technology operations in particular, and I look forward to working closely with her in her new role."

Date: October 25, 2024

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GASB Issues Guidance on Disclosure of Certain Capital Assets.

Norwalk, CT, October 17, 2024 — The Governmental Accounting Standards Board (GASB) issued guidance today that establishes requirements for certain types of capital assets to be disclosed separately for purposes of note disclosures.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, also establishes requirements for capital assets held for sale and requires additional disclosures for those capital assets.

Recent GASB pronouncements like Statement Nos. 87, *Leases,* 94, Public-Private and *Public-Public Partnerships and Availability Payment Arrangements*, and 96, *Subscription-Based Information Technology Arrangements*, created certain types of capital assets, which are described as "right-t--use" assets. In light of the recognition of those new types of assets, the Board decided to consider whether existing disclosure requirements for capital assets should be more prescriptive.

Based on input from financial statement users during the research phase of the project, Statement 104 requires certain types of assets be disclosed separately in the note disclosures about capital assets. This is designed to allow users to make informed decisions about these and to evaluate accountability.

Guidance Requires Separate Disclosure of Four Types of Capital Assets

Statement 104 addresses four types of capital assets that would be disclosed separately in the notes:

1. Lease assets reported under Statement 87, by major class of underlying asset
2. Intangible right-to-use assets recognized by an operator under Statement 94, by major class of underlying asset,
3. Subscription assets reported under Statement 96, and
4. Intangible assets other than those listed in items 1-3, by major class of asset.

Capital Assets Held for Sale

Statement 104 establishes requirements for capital assets held for sale. Under the guidance, a capital asset is a capital asset held for sale if: (a) the government has decided to pursue the sale of the asset, and (b) it is probable the sale will be finalized within a year of the financial statement date. A government should disclose the historical cost and accumulated depreciation of capital assets held for sale, by major class of asset.

The requirements of Statement 104 are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement 104 is available on the GASB website, www.gasb.org.

MSRB Announces Discussion Topics for Quarterly Board Meeting.

Washington, DC – The Board of Directors of the Municipal Securities Rulemaking Board (MSRB) will meet on October 23-24, 2024, holding the first quarterly meeting of fiscal year 2025. The Board will discuss its priorities for the next fiscal year to advance its FY 2022-2025 Strategic Plan. This will be the first meeting under the direction of MSRB's new Board Chair Warren "Bo" Daniels. Highlights of the Board discussion will include:

Rate Card RFI

The Board will discuss issuing a Request for Information (RFI) regarding MSRB's rate card and fee-setting process to evaluate potential modifications to the model.

Market Regulation

The Board will discuss regulatory matters and receive updates on several ongoing initiatives including:

- Rule D-15: Defining a sophisticated municipal market professional (SMMP).
- Rule A-12: Enhancing information related to bank dealer associated persons.
- Rule G-27: Discussing industry feedback in connection with remote supervisory obligations.

Market Transparency and Market Data

The Board will also receive an update on the modernization of the Electronic Municipal Market Access (EMMA) website, including a demonstration of stakeholder-driven updates that will enhance the user interface and experience on EMMA, as well as preview a newly redesigned EMMA website which is scheduled to be launched before the end of 2025.

Date: October 16, 2024

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The Municipal Securities Rulemaking Board (MSRB) protects and strengthens the municipal bond market, enabling access to capital, economic growth, and societal progress in tens of thousands of communities across the country. MSRB fulfills this mission by creating trust in our market through informed regulation of dealers and municipal advisors that protects investors, issuers and the public interest; building technology systems that power our market and provide transparency for issuers, institutions, and the investing public; and serving as the steward of market data that empowers better decisions and fuels innovation for the future. MSRB is a self-regulatory organization governed by a board of directors that has a majority of public members, in addition to representatives of regulated entities. MSRB is overseen by the Securities and Exchange Commission and Congress.

GASB Requests Input on Infrastructure Assets Proposals.

Norwalk, CT, October 10, 2024 — The Governmental Accounting Standards Board (GASB) has issued a Preliminary Views (PV) for public comment on proposals associated with accounting and financial reporting for infrastructure assets.

The PV, *Infrastructure Assets*, is intended to set forth and seek comments on the Board's current views at a relatively early stage of the project. The objective of the project is to reexamine issues associated with accounting and financial reporting for infrastructure assets and consider improvements to existing guidance. These improvements relate to recognition and measurement, note disclosures, and required supplementary information.

Pre-agenda research showed that financial statement users want better information about the condition of infrastructure assets and how the government is maintaining those assets than what is currently available in financial statements. The PV presents the Board's current thinking on how to provide users with that information.

The Board's Early Views

Under the Board's preliminary views, *infrastructure assets* would be defined as individual assets that may consist of multiple components that are part of a network of long-lived capital assets that are utilized to provide a particular type of public service, that are stationary in nature, and that can be maintained or preserved for a significant number of years. Typical examples include roads, bridges, and tunnels.

The PV proposes to carry forward existing recognition and measurement requirements for infrastructure assets that allow for governments to measure infrastructure using historical cost net of accumulated depreciation unless the government elects to use the modified approach. The document proposes that governments reporting infrastructure assets measured at historical cost net of accumulated depreciation periodically review estimated useful lives and salvage value. The document also proposes that governments separately depreciate each component of an infrastructure asset that is significant to the total cost of the asset if the useful lives of these components are different.

The PV also proposes that governments electing to report infrastructure assets using the modified approach have processes in place to document that the condition of the assets is being preserved at a level established by the government.

The document proposes to remove some of the existing note disclosures related to infrastructure assets. It also proposes to add four new note disclosures, including a disclosure of maintenance or preservation expenses and another disclosure of assets reported using historical cost net of accumulated depreciation that have exceeded 80 percent of their estimated useful lives. A related schedule of maintenance expenses over the past 10 fiscal years is also proposed to be included in required supplementary information.

Share Your Views

Stakeholders are asked to review and provide input on the document by January 17, 2025. Comments may be submitted either through a comment letter or an electronic input form.

A series of public hearings and user forums on the PV has been scheduled to enable stakeholders to share their views with the Board. Additional information on the public hearings and user forums is available in the document.

Third Quarter 2024 Municipal Securities Market Summary.

View the Market Summary.

10/9/24

The SEC's Recent Off-Channel Communications Settlements Create More

Uncertainty: Morgan Lewis

Since December 2021, the US Securities and Exchange Commission (SEC) and Commodity Futures Trading Commission (CFTC) have been conducting a sweep of Wall Street's "off-channel" communications—such as text messages, iMessages, WhatsApp messages—sent and received by employees of registered entities using their personal devices. Despite more than 80 SEC-settled orders in the off-channel space (and nearly as many with the CFTC), the path to compliance for broker-dealers, investment advisers, and other financial institutions is still far from clear and numerous questions remain.

BACKGROUND

The SEC's sweep first focused on the largest broker-dealers, then quickly expanded in scope. Over the last four years, more than 100 entities have settled off-channel recordkeeping charges, including broker-dealers, dually registered broker-dealer/investment advisers, standalone investment advisers, credit ratings agencies, and municipal advisors.

These firms have been charged with, among other things, violations of the recordkeeping rules promulgated under the Securities Exchange Act of 1934 and the Investment Advisers Act of 1940. [1] Until recently, the settlements have included civil penalties ranging from five to nine figures (with nearly all in the many millions). The vast majority of settling respondents have also been required to retain independent compliance consultants (ICC) for multiyear engagements, a further significant expense. Additionally, in nearly all the settlements to date, the respondents were required to admit to the alleged conduct—typically a rarity in SEC settlements.

Continue reading.

Morgan, Lewis & Bockius LLP – Michael A. Hacker, Caitlin S. Onomastico, Emily E. Renshaw and Alyse J. Rivett

October 1 2024

SEC Resolution Spotlights Implications of Self-Reporting and Violations of Firm Communications Policies: Sullivan & Cromwell

Read the Article.

Sullivan & Cromwell LLP

September 26 2024

MSRB Publishes FY 2025 Budget.

Washington, D.C. – The Municipal Securities Rulemaking Board (MSRB) today published its annual budget to report on the allocation of its resources as it fulfills its congressional mandate to protect investors, issuers and the public interest by promoting a fair and efficient market. MSRB publishes its budget annually to meet the highest standards of financial transparency.

For FY 2025, the MSRB Board approved a $48.8 million budget, representing a modest increase of approximately 2.9% over the prior year. The budget provides the necessary funds to modernize the MSRB rulebook, engage in key regulatory initiatives and make strategic investments in technology and data to promote the transparency and efficiency of the $4 trillion municipal securities market.

Over the past year, MSRB has welcomed the opportunity for increased dialogue with its stakeholders including broker-dealers, municipal advisors, investors, issuers and other market participants through a series of industry town hall meetings focused on its budget. These town halls not only helped to inform and enhance MSRB's budgeting process but also how it communicates its budget and regulatory priorities to the public.

"We have taken to heart stakeholder requests for more clarity around our budget, particularly regarding our investments in technology, which represent our largest expense and approximately half of our annual budget," MSRB Chair Warren "Bo" Daniels and MSRB CEO Mark Kim said in a letter to stakeholders. "We've reorganized our technology functions into more discrete units, which enabled us to provide more relevant budgetary information about these functions."

In 2025, MSRB will celebrate 50 years since Congress established it as a self-regulatory organization for the municipal securities market. It also marks the final year of MSRB's four-year strategic plan to deploy the tools of regulation, technology and data in impactful ways that strengthen the municipal securities market and serve the public interest. Major initiatives for FY 2025 include:

Modernizing EMMA

MSRB will launch a modernized Electronic Municipal Market Access (EMMA®) website beginning with a beta version in early 2025. This has been a multi-year endeavor driven by extensive feedback from a wide variety of market participants. Stakeholder comments and insights continue to inform MSRB's major technology initiatives, and the beta site will be another opportunity for industry stakeholders to provide feedback on the upcoming version of EMMA.

Modernizing Market Regulation

MSRB will also continue its retrospective rule review and rulebook modernization initiative. This work will include implementing changes to MSRB's trade reporting rule to increase the timeliness of price transparency for investors and harmonizing MSRB's supervisory rule for broker-dealers with those of fellow regulator FINRA in light of changing work patterns. It will also include reviewing MSRB's rules, including its body of municipal advisor rules adopted since the Dodd-Frank Act was enacted nearly 15 years ago, to ensure that they remain operationally effective, allow for varying business models, and maintain appropriate investor and municipal entity protections.

"We hope that the additional detail provided in this report continues to bolster confidence and trust in MSRB's commitment to financial stewardship and stakeholder engagement," Daniels and Kim said. "After all, giving America the confidence to invest in our communities through the municipal securities market remains our vision and highest priority, and together with stakeholders and the public we serve, we look forward to doing just that in 2025 and beyond."

Read the budget.

Date: October 01, 2024

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ESG Pseudo-Science Gets Brutally Debunked.

Many states have passed legislation to protect their economies and their retirees, requiring that public funds be invested with financial institutions focused solely on financial performance, not environmental, social and governance or “ESG” goals.

ESG activists oppose such laws. They would prefer to steer investments toward favored causes and away from disfavored ones, such as fossil energy producers and gun manufacturers.

When confronted with retirees’ rights to have their money managed to maximize returns, not for political causes, the ESG activists have a stock response. They typically cite two studies that supposedly showed increased costs from laws that rule out investing based on ESG concerns.

Continue reading.

THE HILL

by Paul Fitzpatrick, opinion contributor – 09/24/24

Remarks – California Debt and Investment Advisory Commission: Municipal Debt Essentials Seminar (Responsibilities of Regulated Entities to Municipal Issuers)

Dave A. Sanchez, Director, Office of Municipal Securities
California Debt and Investment Advisory Commission: Municipal Debt Essentials Seminar
Pomona, CA
Sept. 26, 2024

Good morning, everyone:

As is customary, my comments today are provided in my official capacity as Director of the Office of Municipal Securities, but do not necessarily reflect the views of the Commission, the Commissioners, or members of the staff.

I want to start by thanking the California Debt and Investment Advisory Commission (“CDIAC”) for inviting me to speak here today. I also want to thank all the panelists and moderators for their time and effort and to everyone involved with putting together this incredibly important program on municipal debt essentials. I started my public finance career in California and consulted the CDIAC debt primer constantly to learn about how debt offerings work in California. And throughout my career, but especially lately, CDIAC educational offerings have been invaluable to me and other municipal market participants as they address the most timely and meaningful topics in the market. We are lucky to have such a great resource here in California.

I also want to thank all of you for attending this program. As government officers, you play a crucial role in the municipal securities market and are in the unique position of being able to influence the practices of the various professionals that you may choose to hire when issuing bonds. As such, it is also important that you understand the federal protections that exist to help ensure that some of those professionals you may hire fulfill their regulatory duties, including fair dealing and acting in

your best interests, particularly when it comes to advising you on big picture decisions such as when and how much to borrow, method of sale and the amount of interest you have to pay on your bonds.

When doing a deal, you may find yourself employing the services of a municipal advisor, various other legal counsel and advisors, and an underwriter. Today, I will be focusing on the duties of municipal advisors but will also touch briefly on the duties of underwriters. For those who may be unfamiliar, a municipal advisor – sometimes imprecisely referred to as a financial advisor – is often engaged by the borrower/issuer (i.e., you) to provide advisory services as to municipal financial products and issuance of municipal securities, and the structuring of such transactions.[1] Currently, there are over 400 registered municipal advisors, ranging from large firms with national coverage to sole proprietorships.[2] An underwriter is typically a firm, or one of a group of firms, that purchase securities from the issuer and then offer them to investors.[3]

1. the Municipal Advisor Rule and Accompanying Protections

Keeping track of the different categories of regulated entities and corresponding regulators can be confusing, so let me start with a brief explanation of who the regulators are and the types of entities that they regulate. Municipal advisors are primarily regulated by the Securities and Exchange Commission (SEC). The SEC also regulates broker-dealers and regulates municipal issuers with respect to disclosure through the operation of the antifraud provisions.[4] In 2010, Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank) amended Section 15B of the Securities Exchange Act of 1934 (Exchange Act) to add a new requirement that "municipal advisors" register with the SEC.[5] In 2013, the SEC approved what is known as the Municipal Advisor Rule and it has been effective since 2014.[6] The Municipal Advisor Rule establishes a registration regime for professionals who engage in municipal advisory activities[7] and, among other things, provides that municipal advisors and any person associated with such municipal advisor are deemed to have a fiduciary duty to any municipal entity for whom such municipal advisor acts as a municipal advisor.[8]

The Municipal Securities Rulemaking Board (MSRB) (a self-regulatory organization) was established by Congress in 1975 and charged with a mandate to protect investors, municipal entities, obligated persons, and the public interest.[9] Congress initially authorized the MSRB to regulate the activities of broker-dealers and banks that buy, sell, and underwrite municipal securities.[10] In 2010, Congress expanded the MSRB's authority to include the regulation of municipal advisors.[11] The MSRB does not regulate municipal entities, including issuers of municipal securities.[12] The MSRB is overseen by Congress and the SEC, and MSRB rules generally must be approved by the SEC before becoming effective.[13] The MSRB does not carry out the enforcement of its rules or conduct compliance examinations.[14] Instead, the SEC and the Financial Industry Regulatory Authority (FINRA) share responsibility for enforcement and compliance examinations.[15]

But back to the Municipal Advisor Rule which, for me, is first and foremost a consumer protection rule, with the consumers being all of you who utilize the services of a municipal advisor. For example, the Municipal Advisor Rule requires any firm that engages in municipal advisory activities to file an initial registration with the SEC to disclose information such as the firm's direct and indirect ownership, other business activities, and any prior regulatory or criminal actions.[16] Each municipal advisory firm must also file an annual update that includes any changes to any previously filed information.[17] Additionally, the municipal advisory firm must also file a form for each person associated with the firm who is engaged in municipal advisory activities which discloses information on that person's education and employment history as well as information on any criminal or regulatory actions, investigations, terminations, and customer complaints.[18] These important disclosures are publicly available on the SEC's EDGAR website,[19] and I encourage all of you to consult that site as you interact with different municipal advisors throughout your business. We

continue to see a concerning number of unregistered entities engaging in what appears to be municipal advisory activity[20] and urge you to confirm that any professional providing municipal advisory services to you is properly registered. If you believe someone is not properly registered, please consider submitting a tip on the SEC's website at https://www.sec.gov/submit-tip--r-complaint or reaching out to the Office of Municipal Securities at munis@sec.gov.

Accordingly, you should also be aware of the robust rules in place that municipal advisors must adhere to when providing municipal advisory services to their municipal entity clients. For example, municipal advisors are required to follow certain standards of conduct when engaging with their municipal entity clients.[21] The Exchange Act establishes standards of conduct for municipal advisors engaging in municipal advisory activity.[22] MSRB Rule G-42 also articulates standards of conduct for municipal advisors engaging in municipal advisory activities.[23] When performing municipal advisory activities for a municipal entity client or an obligated person client, a municipal advisor must act in accordance with a duty of care.[24] A municipal advisor acting with a duty of care must, among other things:

- Possess the degree of knowledge and expertise needed to provide a client informed advice;
- Make a reasonable inquiry as to the facts that are relevant to a client's determination as to whether to proceed with a course of action, such as the issuance of securities;
- Make a reasonable inquiry as to the facts that form the basis for any advice the municipal advisor provides to a client; and
- Have a reasonable basis for any advice provided to a client.[25]

Additionally, and very importantly, municipal advisors to a municipal entity client are also subject to a duty of loyalty.[26] The duty of loyalty requires a municipal advisor to deal honestly and with the utmost good faith and act in its municipal client's best interests without regard to the financial or other interests of the municipal advisor.[27]

Municipal advisors are also required to disclose material conflicts of interest to their clients, and those disclosures are some of the most important protections issuers have in evaluating whether their municipal advisor is acting in the client's best interest.[28] Rule G-42 requires a municipal advisor to make a full and fair disclosure, in writing, of all material conflicts of interest and all legal and disciplinary events that are material to a client's evaluation of a municipal advisor or the integrity of its management and advisory personnel.[29] These disclosures must be provided to the municipal client by the municipal advisor prior to or upon engaging in municipal advisory activities for the municipal client or on the municipal client's behalf.[30]

Municipal advisors are also required to document their municipal advisory relationship with their municipal clients in writing, and the documentation must be dated and delivered to the municipal client prior to, upon, or promptly after the municipal client and the municipal advisor establish their municipal advisory relationship.[31] This also helps ensure that both the municipal issuer client and the municipal advisor have clear expectations about the activities to be performed by the municipal advisor.

2. The Municipal Advisor Rule and Key Decisions in the Issuance Process

The protections just discussed apply to all of the advice provided to you by a municipal advisor. But, I wanted to discuss how these protections work in the context of several key points in the issuance process. First, these protections apply to advice given as to whether to proceed with a bond issuance.[32] In many instances, but particularly in the case of a refunding, one of the first decisions you would have to make is whether it is even necessary or advisable to do the deal. Many times, your municipal advisor (as well as other professionals) will have an inherent conflict of interest because

they will only get paid if a deal is done, thus giving them an incentive to recommend borrowing. The SEC recently brought an action against a municipal advisor for recommending a borrowing when the municipal entity had sufficient reserves to cash fund a project.[33] In that case the recommendation to borrow was based on an analysis that led to inaccurate conclusions regarding the relative costs of different options.[34] Commentators have also raised question about the economics of taxable advance refundings and tenders that take the place of traditional refundings.[35] Particularly when the idea to borrow money or refund bonds is not your own, your municipal advisor or underwriter should be presenting you with recommendations that are not based on materially inaccurate or incomplete information.[36] This analysis could include items such as a cost analysis of different funding options.

Another major decision you will face is whether to do a competitive or negotiated sale.[37] A competitive sale occurs when multiple underwriters compete by submitting purchase bids consisting of coupons, yields, and the underwriter's discount, with the issuer generally selecting the underwriter with the lowest true cost.[38] By contrast, in a negotiated sale, the issuer selects the underwriter at the outset of the financing, well in advance of the sale of the bonds, usually after an RFP process.[39] Numerous studies[40] suggest that competitive sales are more efficient for the issuer in the majority of transactions. In the last few decades, however, the majority of deals have been negotiated sales.[41] From 2018 through 2022, 46.4% of deals nationwide (representing 26.8% of total par value) were competitive sales.[42] In California, during that same period, the number was even lower: a mere 12.8% of deals were competitive sales.[43] By contrast, in New York, 84.5% of deals during that period were competitive sales.[44] Given that independent research suggests that competitive sales are more efficient with a lower true interest cost (TIC) for the borrower in the majority of transactions,[45] I am concerned about the number of municipal entities still choosing to do negotiated sales and question whether this may be due to municipal entities not being given enough information to make the best decision for themselves on what method sale to utilize. I am not the only one concerned about this issue; just last year the State of California Treasurer's Office gave a presentation to the California Society of Municipal Finance Officers to offer a "fresh look" at competitive sales.[46]

There are a few possible reasons why negotiated sales remain the dominant method of sale despite evidence that competitive sales may result in interest cost savings for issuers in a large number of cases.

The first is that municipal entities are accustomed to doing negotiated sales and are hesitant to stray from their past, established practice.[47] It is just a matter of habit. However, one recent paper from the Chief Economist of the MSRB affirmed that negotiated offerings tend to trade at higher prices than competitive offerings in the secondary market,[48] which suggests that issuers could get lower interest rates on their debt with a competitive sale, depending on the particular facts and circumstances. Given that, I urge you all to not fall into the trap of choosing one method of sale simply because that is the way things have always been done at the expense of the potential interest savings that could be achieved by evaluating your options each time you go to market. To be clear, there is nothing preventing a municipal entity from continuing to prefer negotiated sales. We recognize that issuers may have policy reasons to prefer a negotiated sale, and negotiated sales may continue to be preferable in certain circumstances.[49]

The second possible reason why negotiated sales remain the dominant method of sale is that municipal advisors are failing to even raise with issuers the possibility of a competitive sale. As I mentioned earlier, municipal advisors who provide advice on the issuance of bonds have a fiduciary duty to their clients. But, given the continued prevalence of negotiated sales,[50] it is important to remind municipal advisors of how that duty is implicated when they are providing advice on the

method of sale. Municipal advisors should carefully evaluate the sufficiency of the information they provide to issuers before issuers make a choice about what method of sale to use. A municipal advisor may claim that a deal comes to them where this decision is already made, but a non-binding agreement to do a negotiated sale does not absolve a municipal advisor of its fiduciary duty to explore and present alternatives to you.[51] You may worry that municipal advisors will take advantage of this obligation as an excuse to prepare extra, unnecessary reports and run up costs. But remember that it is you – the issuer – who remains in control of the municipal advisor relationship and the bond issuance process. Our goal is simply to make sure that your municipal advisor fulfills its duties to you in the context of that relationship.

In sum, when I see the continued prevalence of negotiated sales, I ask myself whether the appropriate gatekeepers (i.e., municipal advisors) are fulfilling their responsibilities. None of these responsibilities are new. Dodd-Frank[52] was passed almost 13 years ago, the MSRB Rule G-42 standards of conduct are from 2016, and the Municipal Advisor Rule was adopted 10 years ago.[53] In addition to the two major issues raised above, we will continue to focus on price movement and trading immediately after issuance in negotiated sales and remind municipal advisors and underwriters of their regulatory responsibilities with respect to pricing. This could include comparing the results of negotiated sales not only to other comparable negotiated sales but also to comparable competitive sales. For municipal advisors these responsibilities could also include appropriate responses to oversubscription rates during pricing as well as monitoring post-issuance sales activity.[54] We are not the only ones monitoring price movement and trading; the Chief Economist of the MSRB recently looked at data from January 2019-December 2021 and found that the median trade spread for offerings that trade in the first 30 days post-issuance is -1 basis points for competitive offerings but 11.4 basis points for negotiated offerings.[55] This could reflect that the negotiated sale resulted in a higher than necessary cost of borrowing for the issuer. We encourage you to remain vigilant against decision inertia, and especially to ask questions of your municipal advisor about the major decisions you will make during the issuance process, and know the protections available under the Municipal Advisor Rule.

Again, thank you again to the staff at CDIAC and our municipal market participants for putting this seminar together and thank you for attending.

Lastly, I invite you to visit OMS's (sec.gov/municipal), MSRB's, and FINRA's websites for regulatory and compliance information and helpful updates. Our website in particular contains a host of information and guidance on the Municipal Advisor Rule, and frequently updates its information for market participants. My hope is that you will consult those resources now and throughout your careers to understand the protections afforded to your municipal entities. Our Office also runs a help line and email inbox which can be found on our website. If you ever have any questions at all, please don't hesitate to call or email our Office.

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[1] See 15 U.S.C. 78o-4(e)(4).

[2] See SEC, Information About Registered Municipal Advisors, available at https://www.sec.gov/about/foiadocsmuniadvisors. See also MSRB, MSRB-Registered Municipal Advisor Firms and Qualified Representatives and Principals, available at https://www.msrb.org/Municipal-Advisors.

[3] See 15 U.S.C. 78c(a)(20); 15 U.S.C. 80b-2(a)(20). See also MSRB, The Underwriting Process, available at https://www.msrb.org/Underwriting-Process.

[4] See 15 U.S.C. 77q(a)(1)-(3), 15 U.S.C. 78j(b), and 17 CFR 240.10b-5.

[5] See 15 U.S.C. 78o-4(a)(1)(B).

[6] See Registration of Municipal Advisors, Exchange Act Release No. 70462 (Sept. 20, 2013), 78 FR 67468 (Nov. 12, 2013).

[7] See Registration of Municipal Advisors, Exchange Act Release No. 70462 (Sept. 20, 2013), 78 FR 67468 (Nov. 12, 2013). Pursuant to Rule 15Ba1-1(e) (15 CFR § 240.15Ba1-1(e)), "municipal advisory activities" include, but are not limited to, "[p]roviding advice to or on behalf of a municipal entity or obligated person with respect to municipal financial products or the issuance of municipal securities, including advice with respect to the structure, timing, terms, and other similar matters concerning such financial products or issues").

[8] See 15 U.S.C. 78o-4(c)(1). Exchange Act Section 15B(c)(1) does not provide that municipal advisors are deemed to have a fiduciary duty insofar as their advice is to non-municipal entity obligated person clients. MSRB Rule G-42 establishes the core standards of conduct and duties of municipal advisors when engaging in municipal advisory activities. See MSRB Rule G-42(a)-(e).

[9] See 15 U.S.C. 78o-4(b)(2). See also MSRB, The Role and Jurisdiction of the MSRB, pg. 2, available at https://www.msrb.org/sites/default/files/2022-09/Role-and-Jurisdiction-of-MSRB.pdf.

[10] See 15 U.S.C. 78o-4(b)(2). See also MSRB, The Role and Jurisdiction of the MSRB, pg. 2, available at https://www.msrb.org/sites/default/files/2022-09/Role-and-Jurisdiction-of-MSRB.pdf.

[11] See 15 U.S.C. 78o-4(b)(2). See also MSRB, The Creation of the MSRB, available at https://www.msrb.org/MSRB-News/Creation-MSRB.

[12] See 15 U.S.C. 78o-4(d).

[13] See 15 U.S.C. 78s(b).

[14] See 15 U.S.C. 78o-4(b)(4).

[15] See MSRB, The Role and Jurisdiction of the MSRB, pg. 2, available at https://www.msrb.org/sites/default/files/2022-09/Role-and-Jurisdiction-of-MSRB.pdf.

[16] See SEC, Instructions for the Form MA Series, available at https://www.sec.gov/files/formmadata.pdf.

[17] See SEC, Instructions for the Form MA Series, available at https://www.sec.gov/files/formmadata.pdf.

[18] See SEC, Instructions for the Form MA Series, available at https://www.sec.gov/files/formmadata.pdf.

[19] See SEC, Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system, available at https://www.sec.gov/edgar/search.

[20] See SEC, Unregistered Municipal Advisor Enforcement Actions, available at https://www.sec.gov/about/divisions-offices/office-municip-l-securities/unregistered-municipal-advisor-enforcement-actions.

[21] See MSRB Rule G-42.

[22] See 15 U.S.C. 78o-4(c)(1).

[23] See MSRB Rule G-42.

[24] See MSRB Rule G-42(a).

[25] See e.g., MSRB Rule G-42(a), Supplemental Material .01; MSRB, Municipal Advisors Understanding Standard of Conduct, (April 2016) available at https://www.msrb.org/sites/default/files/2022-08/MSRB-Rule-G-42-for-Municipal-Advisors.pdf.

[26] See e.g., MSRB Rule G-42(a)(ii), Supplemental Material .02; MSRB, Municipal Advisors Understanding Standard of Conduct, (April 2016) available at https://www.msrb.org/sites/default/files/2022-08/MSRB-Rule-G-42-for-Municipal-Advisors.pdf.

[27] See e.g., MSRB Rule G-42(a)(ii), Supplemental Material .02 and .03; MSRB, Municipal Advisors Understanding Standard of Conduct, (April 2016) available at https://www.msrb.org/sites/default/files/2022-08/MSRB-Rule-G-42-for-Municipal-Advisors.pdf.

[28] See e.g., MSRB Rule G-42(b), Supplemental Material .05; MSRB, Municipal Advisors Understanding Standard of Conduct, (April 2016) available at https://www.msrb.org/sites/default/files/2022-08/MSRB-Rule-G-42-for-Municipal-Advisors.pdf.

[29] See e.g., MSRB Rule G-42(b), Supplemental Material .05; MSRB, Municipal Advisors Understanding Standard of Conduct, (April 2016) available at https://www.msrb.org/sites/default/files/2022-08/MSRB-Rule-G-42-for-Municipal-Advisors.pdf.

[30] See e.g., MSRB Rule G-42(b)-(c), Supplemental Material .05 and .06; MSRB, Municipal Advisors Understanding Standard of Conduct, (April 2016) available at https://www.msrb.org/sites/default/files/2022-08/MSRB-Rule-G-42-for-Municipal-Advisors.pdf.

[31] See e.g., MSRB Rule G-42(c), Supplemental Material .06; MSRB, Municipal Advisors Understanding Standard of Conduct, (April 2016) available at https://www.msrb.org/sites/default/files/2022-08/MSRB-Rule-G-42-for-Municipal-Advisors.pdf.

[32] See In the Matter of Fieldman Rolapp & Assoc., Inc., and Anna Sarabian (settled action), Exchange Act Release. No. 98510 (September 25, 2023). See also MSRB Rule G-42.

[33] See In the Matter of Fieldman Rolapp & Assoc., Inc., and Anna Sarabian (settled action), Exchange Act Release. No. 98510 (September 25, 2023).

[34] See In the Matter of Fieldman Rolapp & Assoc., Inc., and Anna Sarabian (settled action), Exchange Act Release. No. 98510 (September 25, 2023).

[35] See generally Andrew Kalotay, Taxable Advance Refundings: A Critical Examination, 39 J. Tax’n Inv. 49 (2021); Kalotay, Andrew and Luby, Martin, Savings Lost: The Damage of Taxable Advance Refundings to Taxpayers (September 28, 2023), available at https://ssrn.com/abstract=4586951.

[36] See e.g., MSRB Rule G-42, Supplemental Material .01; MSRB, Municipal Advisors Understanding Standard of Conduct, (April 2016) available at https://www.msrb.org/sites/default/files/2022-08/MSRB-Rule-G-42-for-Municipal-Advisors.pdf (setting forth the “reasonable basis” requirement that a municipal advisor must fulfill when making a recommendation to a client).

[37] See 15 U.S.C. 78o-4(c)(1). See also Rule 15Ba1-1(e) (15 CFR § 240.15Ba1-1(e)) which defines "municipal advisory activities" to include "[p]roviding advice to or on behalf of a municipal entity or obligated person with respect to municipal financial products or the issuance of municipal securities, including advice with respect to the structure, timing, terms, and other similar matters concerning such financial products or issues").

[38] See CDIAC, Understanding Methods of Sale (October 28, 2016), available at https://www.treasurer.ca.gov/cdiac/seminars/2016/20161026/day3/2.pdf.

[39] See CDIAC, Understanding Methods of Sale (October 28, 2016), available at https://www.treasurer.ca.gov/cdiac/seminars/2016/20161026/day3/2.pdf.

[40] See, e.g., Liu, Gao, Self-Selection Bias or Decision Inertia? Explaining the Municipal Bond 'Competitive Sale Dilemma' (March 2018), available at https://ssrn.com/abstract=3014183; Cestau, Dario and Green, Richard C. and Hollifield, Burton and Schuerhoff, Norman, The Cost Burden of Negotiated Sales Restrictions: A Natural Experiment Using Heterogeneous State Laws (November 2017), available at https://www.brookings.edu/wp-content/uploads/2017/11/wp363.pdf; Moldogaziev, Tima and Tatyana Guzman, Which Bonds Are More Expensive? The Cost Differentials by Debt Issue Purpose and the Method of Sale: An Empirical Analysis (Fall 2012), available at https://doi.org/10.1111/j.1540-5850.2012.01013.x.

[41] See Wu, Simon, Competitive Bidding for Primary Offerings of Municipal Securities: More Bids, Better Pricing for Issuers? (July 2020), available at https://www.msrb.org/sites/default/files/MSRB-Competitive-Bidding.pdf; Bergstresser, Daniel and Cohen, Randolph, Competitive Bids and Post-Issuance Price Performance in the Municipal Bond Market (March 2015), available at https://people.brandeis.edu/~dberg/papers/competitive_20150303.pdf (Table 1).

[42] See CSMFO, Competitive vs. Negotiated Methods of Bond Sale: A Fresh Look (Feb. 1, 2023), available at https://cdn.ymaws.com/csmfo.org/resource/resmgr/conference/presentations/2023/Competitive-vs-Negotiated-Me.pdf.

[43] See CSMFO, Competitive vs. Negotiated Methods of Bond Sale: A Fresh Look (Feb. 1, 2023), available at https://cdn.ymaws.com/csmfo.org/resource/resmgr/conference/presentations/2023/Competitive-vs-Negotiated-Me.pdf.

[44] See CSMFO, Competitive vs. Negotiated Methods of Bond Sale: A Fresh Look (Feb. 1, 2023), available at https://cdn.ymaws.com/csmfo.org/resource/resmgr/conference/presentations/2023/Competitive-vs-Negotiated-Me.pdf.

[45] See, e.g., Liu, Gao, Self-Selection Bias or Decision Inertia? Explaining the Municipal Bond 'Competitive Sale Dilemma' (March 2018), available at https://ssrn.com/abstract=3014183; Cestau, Dario and Green, Richard C. and Hollifield, Burton and Schuerhoff, Norman, The Cost Burden of Negotiated Sales Restrictions: A Natural Experiment Using Heterogeneous State Laws (November 2017), available at https://www.brookings.edu/wp-content/uploads/2017/11/wp363.pdf; Moldogaziev, Tima and Tatyana Guzman, Which Bonds Are More Expensive? The Cost Differentials by Debt Issue Purpose and the Method of Sale: An Empirical Analysis (Fall 2012) available at https://doi.org/10.1111/j.1540-5850.2012.01013.x.

[46] See Competitive vs. Negotiated Methods of Bond Sale: A Fresh Look (Feb. 1, 2023), available at

https://cdn.ymaws.com/csmfo.org/resource/resmgr/conference/presentations/2023/Competitive-v--Negotiated-Me.pdf.

[47] See, e.g., Liu, Gao, Self-Selection Bias or Decision Inertia? Explaining the Municipal Bond 'Competitive Sale Dilemma' (March 2018), available at https://ssrn.com/abstract=3014183.

[48] See, e.g., Wu, Simon and Ostroy, Nicholas, Primary Offerings of Municipal Securities: Impact of COVID-19 Crisis on Competitive and Negotiated Offerings (October 2022), available at https://www.msrb.org/sites/default/files/2022-10/Competitive-and-Negotiated-Offerings.pdf. This study considered data from January 2019-December 2021 which included the disruptive "COVID Period" of March-May 2020.

[49] But see Competitive vs. Negotiated Methods of Bond Sale: A Fresh Look (Feb. 1, 2023), available at https://cdn.ymaws.com/csmfo.org/resource/resmgr/conference/presentations/2023/Competitive-vs-Negotiated-Me.pdf (debunking some of the common situations where issuers might believe a negotiated sale is preferable); Cestau, Dario and Green, Richard C. and Hollifield, Burton and Schuerhoff, Norman, The Cost Burden of Negotiated Sales Restrictions: A Natural Experiment Using Heterogeneous State Laws (November 2017), available at https://www.brookings.edu/wp-content/uploads/2017/11/wp363.pdf.

[50] See Wu, Simon, Competitive Bidding for Primary Offerings of Municipal Securities: More Bids, Better Pricing for Issuers? (July 2020), available at https://www.msrb.org/sites/default/files/MSRB-Competitive-Bidding.pdf; Bergstresser, Daniel and Cohen, Randolph, Competitive Bids and Post-Issuance Price Performance in the Municipal Bond Market (March 2015), available at https://people.brandeis.edu/~dberg/papers/competitive_20150303.pdf (Table 1).

[51] See generally Comer Capital Group, LLC and Brandon L. Comer, SEC, Lit. Rel. No. 25945, Jan. 31. 2024, available at https://www.sec.gov/enforcement-litigation/litigation-releases/lr-25935 (Comer Capital Group, LLC and Brandon L. Comer consented to entry of a final judgment without admitting or denying the allegations in the SEC's complaint); see also SEC v. Comer Cap. Group et al, No. 19-civ-04324 (N.D. Ill.) filed June 27, 2019.

[52] Pub. L. 111-203, 124 Stat. 1376.

[53] See Registration of Municipal Advisors, Exchange Act Release No. 70462 (Sept. 20, 2013), 78 FR 67468 (Nov. 12, 2013).

[54] These responsibilities may be agreed to or accepted through a course of conduct. See generally, MSRB, Considerations for Assessing Written Supervisory Procedures for Municipal Advisory Services (including the Process for New Issue Pricing), (November 2022) available at https://www.msrb.org/sites/default/files/2022-11/MA-Pricing.pdf. This guidance resource is not a rule, has not been filed with SEC, and has not been approved nor disapproved by the SEC. Regulated entities, examining authorities and others should not interpret this resource as a rule or establishing new or additional obligations for any person. See also MSRB Rule G-42(a), Supplemental Material .01.

[55] See, e.g., Wu, Simon and Ostroy, Nicholas, Primary Offerings of Municipal Securities: Impact of COVID-19 Crisis on Competitive and Negotiated Offerings (October 2022), available at https://www.msrb.org/sites/default/files/2022-10/Competitive-and-Negotiated-Offerings.pdf (examining data from January 2019–December 2021 which included the disruptive "COVID Period" of March-May 2020). See also MMA, Municipal Strategist (June 20, 2024) (comparing secondary

trade breaks in competitive sales versus negotiated sales for the years 2018-2024).

Orrick Summary Guide: Campaign Spending and Activity Rules for School District Employees

Introduction

School district employees and officers must adhere to strict rules regarding any campaign spending and activities, especially in the context of promoting a school district bond measure. The use of public funds and resources for partisan campaigning is heavily regulated to prevent an unfair advantage and to ensure compliance with legal standards.

View the Summary Guide

September.19.2024

SEC Texting Sweep Hits 12 Muni Advisors.

The Securities and Exchange Commission's crackdown on texting and the use of unauthorized messaging apps continued Tuesday with 12 municipal advisors being charged more than $1.3 million in combined fines for failures by the firms and their personnel to maintain and preserve certain electronic communications.

The actions included employees at multiple levels of authority — including supervisors — communicating with regard to municipal advisory activities both internally and externally by text messages.

The firms admitted the facts set forth in their respective SEC orders, acknowledged that their conduct violated recordkeeping provisions of the federal securities laws, have begun implementing improvements to their compliance policies and procedures to address the violations, and agreed to pay the following civil penalties:

- Acacia Financial Group Inc., $52,000
- Caine Mitter and Associates Inc., $94,000
- cfX Inc., $42,000
- CSG Advisors Inc., $40,000
- Kaufman Hall & Associates LLC, together with Ponder & Co., $324,000
- Montague DeRose & Associates LLC, $40,000
- PFM Financial Advisors LLC, $250,000
- Phoenix Advisors LLC, $40,000
- Public Resources Advisory Group Inc., $184,000
- Specialized Public Finance Inc., $250,000
- Zions Public Finance Inc., $47,000.

"The books and records requirements are critical to facilitating Commission inspections and examinations of municipal advisors and in evaluating a municipal advisor's compliance with the applicable federal securities laws," said Rebecca Olsen, deputy chief of the SEC's Division of

Enforcement Public Finance Abuse Unit, in a statement.

“Municipal advisors are encouraged to assess their recordkeeping practices relating to off-channel communications. Firms that believe their practices do not comply with the securities laws are encouraged to self-report to the SEC’s Enforcement staff.”

As described in the SEC’s orders, the firms admitted that, during the relevant periods, they failed to maintain and preserve communications sent and/or received by their personnel relating to municipal advisory activity and that these communications were records required to be maintained and preserved under the federal securities laws.

ThinkAdvisor

By Melanie Waddell

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