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I. OFFICE OF MUNICIPAL SECURITIES

OMS is responsible for overseeing the municipal securities market and administering the Commission's rules pertaining to municipal securities brokers and dealers, municipal advisors, investors in municipal securities, and municipal issuers. OMS also coordinates with the Municipal Securities Rulemaking Board (MSRB), which includes reviewing and processing proposed MSRB rule changes, coordinating on SEC enforcement actions that relate to MSRB rules, and collaborating with the Division of Examinations on its periodic examinations of the MSRB. OMS advises the Commission on policy matters relating to the municipal securities market and is responsible for policy development, coordination, and implementation of Commission initiatives to improve the municipal securities market, as well as providing technical assistance to the Division of Enforcement and the Division of Examinations. OMS also acts as the Commission's liaison to the Financial Industry Regulatory Authority (FINRA), the Internal Revenue Service, the Department of the Treasury, a variety of investor and industry groups, and regulators on municipal securities issues.

II. MARKET STRUCTURE AND DISCLOSURE INITIATIVES

On July 31, 2012, the Commission issued a Report on the Municipal Securities Market ("2012 Report") that recommended a number of possible actions to improve the municipal securities market with respect to market structure and disclosure.¹

Subsequently, on November 15, 2017, the Fixed Income Market Structure Advisory Committee (FIMSAC) was formed.² FIMSAC focused on the corporate bond and municipal securities markets, and provided advice to the Commission on the efficiency and resiliency of these markets and identifies opportunities for regulatory improvements. FIMSAC initially was established to exist for an initial two-year term, which was renewed for an additional year in November 2019,³ and renewed again in October 2020.⁴ In June 2018, FIMSAC established a Municipal Securities Transparency

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1. See U.S. Securities and Exchange Commission, Report on the Municipal Securities Market (July 31, 2012), <https://www.sec.gov/news/studies/2012/munireport073112.pdf>.
 2. See SEC Announces the Formation and First Members of Fixed Income Market Structure Advisory Committee (Nov. 9, 2017), <https://www.sec.gov/news/press-release/2017-209#>.
 3. See <https://www.sec.gov/rules/other/2019/34-87482.pdf>.
 4. See <https://www.sec.gov/rules/other/2020/34-90275.pdf>.

Subcommittee and charged it with considering the impacts of transparency, both pre-trade and post-trade, on the municipal securities market.⁵

During its tenure, FIMSAC made several recommendations to the Commission regarding the municipal securities market.

- In April 2019, FIMSAC recommended that the Commission consider a rule that permits a broker-dealer that negotiates and underwrites a new-issue municipal bond or is co-manager or member of the selling group to meet the requirements of section 206(3) of the Investment Advisers Act (the “Advisers Act”) when acting in a principal capacity to sell new-issue municipal bonds during the negotiated order period.⁶
- In July 2019, FIMSAC recommended that the SEC consider a rule that permits a broker-dealer to meet the requirements of section 206(3) of the Advisers Act when acting in a principal capacity to sell certain client bond positions within the normal liquidation process, by allowing dealers to submit a “blind bid” on a principal basis against its advisory clients.⁷
- In February 2020, FIMSAC made a series of recommendations designed to improve the timeliness of municipal securities disclosure. These recommendations included:
 - That the Commission be given additional statutory authority to provide a mechanism for the Commission to enforce compliance with continuing disclosure agreements and other obligations of municipal issuers to protect municipal securities bondholders;
 - That the Commission be given additional statutory authority to provide a safe harbor from private liability for forward-looking statements for municipal issuers that satisfy certain conditions;
 - That the Commission explore ways through which it could make disclosure deadlines for annual financial information and audited financial statements more certain and predictable;

5. <https://www.sec.gov/spotlight/fixed-income-advisory-committee/fixed-income-market-structure-advisory-committee-subcommittees.htm>.

6. <https://www.sec.gov/spotlight/fixed-income-advisory-committee/fimsac-negotiated-municipal-underwritings-recommendations.pdf>.

7. <https://www.sec.gov/spotlight/fixed-income-advisory-committee/fimsac-recommendation-muni-securities.pdf>.

- That the Commission seek wide ranging public comment about the concerns raised by market participants and the potential need for the SEC to establish a disclosure framework including timeframe obligations for municipal issuers; and
- That the Commission explore ways through which it can raise awareness of the potential consequences of providing less timely and less robust disclosure information.⁸
- In June, 2020, FIMSAC recommended that the Commission determine whether there are effective actions that can be taken by the Commission, the MSRB, or others to provide additional pre-trade price transparency for the municipal market to the investing public.⁹

a. Market Structure

i. **MSRB Best Execution Rule; MSRB and FINRA Best Execution Guidance**

On December 5, 2014, the Commission approved an MSRB proposed rule change to require dealers to seek best execution of retail customer transactions in municipal securities.¹⁰ The MSRB's best execution rule is generally harmonized with FINRA's best execution rule, with some tailoring for the municipal securities market, and subject to an exemption for transactions with sophisticated municipal market professionals.¹¹ In addition, the MSRB and FINRA have issued related practical guidance on their respective best execution rules.¹²

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8. <https://www.sec.gov/spotlight/fix-ed-income-advisory-committee/fimsac-muni-financial-disclosures-recommendation.pdf>.
 9. <https://www.sec.gov/spotlight/fix-ed-income-advisory-committee/fimsac-recommendations-pre-trade-transparency.pdf>.
 10. See Order Granting Approval of a Proposed Rule Change Consisting of Rule G-18, on Best Execution of Transactions in Municipal Securities, and Amendments to Rule G-48, on Transactions with Sophisticated Municipal Market Professionals ("SMMP"), and Rule D-15, on the Definition of SMMP, Exchange Act Release No. 73764 (Dec. 5, 2014), 79 Fed. Reg. 73658 (Dec. 11, 2014), <https://www.sec.gov/rules/sro/msrb/2014/34-73764.pdf>.
 11. *Id.*
 12. See MSRB Implementation Guidance on MSRB Rule G-18, on Best Execution (November 20, 2015), <http://www.msrb.org/Rules-and-Interpretations/MSRB-Rules/General/~media/860A5596734841799BD1CCDCD533E368.ashx>; FINRA Regulatory Notice 15-46, Best Execution, Guidance on Best Execution Obligations in Equity,

ii. MSRB and FINRA Mark-Up Disclosure Rules; MSRB Prevailing Market Price Guidance; MSRB and FINRA Markup Disclosure and Prevailing Market Price Guidance

On November 17, 2016, the Commission approved an MSRB proposed rule change to require dealers to disclose on certain non-institutional customer confirmations the dealer's mark-up or mark-down for municipal securities¹³ (MSRB Mark-up Filing) and a FINRA proposed rule change to require members to disclose on certain non-institutional customer confirmations the member's mark-up or mark-down for corporate and agency debt securities (FINRA Mark-up Filing).¹⁴ The MSRB Mark-up Filing and FINRA Mark-up Filing impose substantially similar disclosure requirements. The MSRB Mark-up Filing also includes guidance for dealers on establishing the prevailing market price of a security, from which a dealer's mark-up or mark-down is determined.¹⁵ The new mark-up disclosure requirements and prevailing market price guidance

Options and Fixed Income Markets (November 2015), https://www.finra.org/sites/default/files/notice_doc_file_ref/Notice_Regulatory_15-46.pdf.

13. See Notice of Filing of Amendment No. 1 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 1, to MSRB Rules G-15 and G-30 to Require Disclosure of Mark-ups and Mark-Downs to Retail Customers on Certain Principal Transactions and to Provide Guidance on Prevailing Market Price, Exchange Act Release No. 79347 (Nov. 17, 2016), 81 Fed. Reg. 84637 (Nov. 23, 2016), <https://www.sec.gov/rules/sro/msrb/2016/34-79347.pdf>.
14. Notice of Filing of Amendment No. 1 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 1, Relating to FINRA Rule 2232 (Customer Confirmations) to Require Members to Disclose Additional Pricing Information on Retail Customer Confirmations Relating to Transactions in Certain Fixed Income Securities, Exchange Act Release No. 79346 (Nov. 17, 2016), 81 Fed. Reg. 84659 (Nov. 23, 2016), <https://www.sec.gov/rules/sro/finra/2016/34-79346.pdf>.
15. FINRA Rule 2121 provides guidance on establishing prevailing market price for non-municipal debt securities. The MSRB's prevailing market price guidance is substantially similar to and generally harmonized with the guidance contained in FINRA Rule 2121. See Notice of Filing of Amendment No. 1 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 1, to MSRB Rules G-15 and G-30 to Require Disclosure of Markups and Mark-Downs to Retail Customers on Certain Principal Transactions and to Provide Guidance on Prevailing Market Price, Exchange Act Release No. 79347 (Nov. 17, 2016), 81 Fed. Reg. 84637 (Nov. 23, 2016), <https://www.sec.gov/rules/sro/msrb/2016/34-79347.pdf>.

became effective on May 14, 2018.¹⁶ In addition, the MSRB and FINRA have issued interpretive guidance on their respective markup disclosure rules and prevailing market price guidance.¹⁷

iii. Ongoing Market Structure Initiatives

On August 2, 2022, the MSRB issued a Request for Comment on transaction reporting obligations under MSRB Rule G-14. Specifically, the MSRB is seeking input on a potential amendment to Rule G-14 to require that, absent an exception, transactions are reported as soon as practicable, but no later than within one minute of the Time of Trade.¹⁸ Comments are due on October 3, 2022. On July 29, 2022, the MSRB announced that the Board had discussed working to develop coordinated proposals with fellow regulators on the collection of pre-trade data in the fixed income markets.¹⁹ OMS staff continues to monitor developments on this and other market structure initiatives.

b. Disclosure

With respect to the 2012 Report's disclosure recommendations, on August 20, 2018, the Commission announced its adoption of amendments to Rule 15c2-12 substantially as proposed.²⁰ The amendments

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16. See New Disclosure Requirements Under MSRB Rule G-15 and Prevailing Market Price Guidance Pursuant to Rule G-30 Effective May 14, 2018, available at <http://msrb.org/~media/Files/Regulatory-Notices/Announcements/2016-28.ashx?n=1>.
 17. See Confirmation Disclosure and Prevailing Market Price Guidance: Frequently Asked Questions (March 19, 2018 (first published July 12, 2017)), <http://msrb.org/Rules-and-Interpretations/MSRB-Rules/General/Rule-G-15.aspx?tab=2>; Fixed Income Confirmation Disclosure: Frequently Asked Questions (March 2018 (first published July 2017)), <http://www.finra.org/industry/faq-fixed-income-confirmation-disclosure-frequently-asked-questions-faq>.
 18. MSRB Notice 2022-07, <https://msrb.org/~media/Files/Regulatory-Notices/RFCs/2022-07.ashx?>. FINRA also issued an analogous Request for Comment regarding time of trade reporting for securities reported to its TRACE system, available at <https://www.finra.org/rules-guidance/notices/22-17>.
 19. See "MSRB Elects New Board Leadership and Announces New Members for FY 2023 at Quarterly Meeting," <https://www.msrb.org/News-and-Events/Press-Releases/2022/Board-Meeting-Recap-July-2022>.
 20. See Exchange Act Release No. 34-83885 (August 20, 2018), 83 FR 44700 (August 31, 2018), available at <https://www.sec.gov/rules/final/2018/34-83885.pdf>. For the Proposing Release, see Exchange Act Release No. 34-80130 (March 1, 2017), 82 FR 13928 (March 15, 2017), available at <https://www.sec.gov/rules/proposed/2017/34-80130.pdf>.

address the need for timely disclosure of important information related to an issuer's or obligated person's financial obligations, facilitate timely access to important information regarding certain financial obligations incurred by issuers and obligated persons, which could impact an issuer's or obligated person's liquidity and overall creditworthiness and create risks for existing security holders. The amendments amend the list of event notices that a dealer acting as an underwriter in a primary offering of municipal securities subject to the Rule must reasonably determine that an issuer or obligated person has undertaken, in a written agreement, to provide to the MSRB within ten business days of their occurrence. Specifically, the amendments add two new events to the list of events included in the Rule: (1) incurrence of a financial obligation of the issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the issuer or obligated person, any of which affect security holders, if material; and (2) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the issuer or obligated person, any of which reflect financial difficulties. The Commission defined the term "financial obligation" to mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii).²¹ The term financial obligation does not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with Rule 15c2-12. The compliance date for the amendments was February 27, 2019.

On February 7, 2020, the staff of OMS published Staff Legal Bulletin No. 21, Application of Antifraud Provisions to Public Statements of Issuers and Obligated Persons of Municipal Securities in the Secondary Market.²² The bulletin provides the views of OMS staff regarding the application of the antifraud provisions of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder to public statements made by issuers of municipal securities and obligated persons in the secondary market. As more fully

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21. As originally proposed, the term financial obligation would have meant a (i) debt obligation; (ii) lease; (iii) guarantee; (iv) derivative instrument; and (v) monetary obligation resulting from a judicial, administrative, or arbitration proceeding.
22. <https://www.sec.gov/municipal/application-antifraud-provisions-staff-legal-bulletin-21>.

discussed in the bulletin, the antifraud provisions apply to any statement of a municipal issuer or obligated person that is reasonably expected to reach investors and the trading markets.

On May 4, 2020, in response to the COVID-19 pandemic, then-SEC Chairman Jay Clayton and then-OMS Director Rebecca Olsen issued a joint statement entitled “The Importance of Disclosure for our Municipal Markets.”²³ In the statement, Clayton and Olsen noted that the effects of COVID-19 raised uncertainties regarding the financial status of state and local governments and special purpose entities; encouraged municipal securities issuers to provide updated financial and other disclosures; and encouraged financial professionals to discuss these matters with “main street investors.”

In response to another of the recommendations contained in the 2012 Report, the Commission hosted conferences on Municipal Securities Disclosure on December 6, 2018 and June 16, 2020.²⁴

III. MARKET PARTICIPANTS

a. Municipal Advisor Regulation

The Dodd Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) imposed a new requirement that municipal advisors register with the SEC and provided for of the development of rules applicable to municipal advisors by the MSRB.²⁵ This registration requirement applies to persons who provide advice to municipal entities or obligated persons with respect to municipal financial products or the issuance of municipal securities, or who, under certain circumstances, solicit municipal entities or obligated persons. The Dodd-Frank Act also imposed a fiduciary duty on municipal advisors when advising municipal entities.

i. SEC Municipal Advisor Registration Rules

In September 2013, the Commission adopted final rules for municipal advisor registration.²⁶ The rules require municipal advisors

23. <https://www.sec.gov/news/public-statement/statement-clayton-olsen-2020-05-04>.

24. <https://www.sec.gov/municipal/municipal-sec-conferences>.

25. See 15 U.S.C. § 78o-4(b).

26. See Registration of Municipal Advisors, Exchange Act Release No. 70462 (Sept. 20, 2013), 78 Fed. Reg. 67468 (Nov. 12, 2013), <http://www.sec.gov/rules/final/2013/34-70462.pdf>. See also Office of Municipal Securities, SEC, Registration of

to file certain forms with the Commission to, as appropriate, obtain, maintain, or terminate their registration with the Commission and to make and maintain certain books and records. In addition, the rules interpret and provide guidance on the statutory definition of municipal advisor and the statutory exclusions from that definition, and provide certain additional regulatory exemptions. These registration requirements and regulatory standards were intended to mitigate some of the problems observed with the conduct of some municipal advisors, including failure to place the duty of loyalty to their municipal entity client ahead of their own interests, undisclosed conflicts of interest, advice rendered by financial advisors without adequate training or qualifications, and pay to play practices.

OMS is currently overseeing the registration of approximately 465 municipal advisory firms. Municipal advisors were required to comply with the SEC's registration rules as of July 1, 2014, including registering with the SEC using the final registration forms.²⁷ The SEC municipal advisor registration information is available to the public through the SEC's Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system website.²⁸ OMS continues its significant responsibilities relating to implementation of the municipal advisor registration rules by monitoring and improving the SEC's registration system for municipal advisors, participating in the review of municipal advisor registrations, consulting with the Division of Examinations regarding inspections and examinations of municipal advisors, and coordinating with the MSRB and FINRA²⁹ to help

Municipal Advisors Frequently Asked Questions (last updated Sept. 20, 2017), <http://www.sec.gov/info/municipal/mun-advisors-faqs.pdf>.

27. The rules require municipal advisors to register with the SEC by completing a Form MA and to provide information regarding natural persons associated with the municipal advisor and engaged in municipal advisory activities on such municipal advisor's behalf by completing a Form MA-I for each such natural person.
28. To search by a municipal advisor company's name, see <http://www.sec.gov/edgar/searchedgar/companysearch.html>.
29. In the adopting release, the Commission stated that it believed that Section 15A of the Securities Exchange Act of 1934 provides a registered national securities association, such as FINRA, with authority to conduct examinations of its members' activities as registered municipal advisors in order to evaluate their compliance with the Exchange Act, rules and regulations thereunder, and MSRB rules. See Registration of Municipal Advisors, Exchange Act Release No. 70462, pt. IV (Sept. 20, 2013), 78 Fed. Reg. 67468 (Nov. 12, 2013), <http://www.sec.gov/rules/final/2013/34-70462.pdf>; 15 U.S.C. § 78o-3. In addition, pursuant to Exchange Act Section 15B (as amended by the Dodd-Frank Act), the Commission designated FINRA to examine its members' activities as registered municipal advisors and

promote fair and uniform application of new rules applicable to municipal advisors.

ii. MSRB Municipal Advisor Rules

The Commission has approved several MSRB rules applicable to municipal advisors, some of which are described below. On December 22, 2010, the Commission approved a rule to apply the MSRB's core fair dealing rule for brokers, dealers, and municipal securities dealers (dealers) to municipal advisors³⁰ and on February 26, 2014, the Commission approved a proposed rule change to create new procedures for municipal advisors to register with the MSRB³¹. In addition, on October 23, 2014, the Commission approved new MSRB Rule G-44, which requires municipal advisors to establish a supervisory system and compliance procedures.³² On February 26,

evaluate compliance by such members with federal securities laws, Commission rules and regulations, and MSRB rules applicable to municipal advisors. *See* Registration of Municipal Advisors, Exchange Act Release No. 70462, pt. IV (Sept. 20, 2013), 78 Fed. Reg. 67468 (Nov. 12, 2013), <http://www.sec.gov/rules/final/2013/34-70462.pdf>; 15 U.S.C. § 78o-4.

30. *See* Order Granting Approval of Amendments to Rule G-5, on Disciplinary Actions by Appropriate Regulatory Agencies, Remedial Notices by Registered Securities Associations; and Rule G-17, on Conduct of Municipal Securities Activities, Exchange Act Release No. 63599 (Dec. 22, 2010), 75 Fed. Reg. 82119 (Dec. 29, 2010), <https://www.sec.gov/rules/sro/msrb/2010/34-63599.pdf>.
31. *See* Order Granting Approval of Proposed Rule Change, as Modified by Amendment No. 1, Consisting of Amendments to MSRB Rules A-12, on Initial Fee, G-14, on Reports of Sales or Purchases, and the Facility for Real-Time Transaction Reporting and Price Dissemination ("RTRS Facility"); Deletion of Rules A-14, on Annual Fee, A-15, on Notification to the Board of Change in Status or Change of Name or Address, and G-40, on Electronic Mail Contacts; Deletion of References to RTRS Testing Requirements under G-14(b)(v), G-14(c), on RTRS Procedures, and in the RTRS Facility; Elimination of MSRB Forms RTRS and G-40, and Adoption of a Single, Consolidated Electronic Registration Form, New Form A-12, Exchange Act Release No. 71616 (Feb. 26, 2014), 79 Fed. Reg. 12254 (Mar. 4, 2014), <https://www.sec.gov/rules/sro/msrb/2014/34-71616.pdf>. The MSRB's initial rule regarding the process for municipal advisors to register with the MSRB was effective November 15, 2010. *See* Notice of Filing and Immediate Effectiveness of Rule D-13, on a Definition of "Municipal Advisory Activities", Rule D-14, on a Definition of "Appropriate Regulatory Agency", and Amendments to Rule D-11 ("Associated Persons"), Rule G-40 on Electronic Mail Contacts, and Form G-40, on Electronic Mail Contacts, Exchange Act Release No. 63308 (Nov. 12, 2010), 75 Fed. Reg. 70335 (Nov. 17, 2010), <https://www.sec.gov/rules/sro/msrb/2010/34-63308.pdf>.
32. *See* Notice of Filing of Amendment No. 1 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 1, Consisting

2015, the Commission approved an MSRB proposed rule change that establishes professional qualification requirements for municipal advisors.³³ On November 6, 2015, the Commission approved an MSRB proposed rule change that, among other things, extends the relevant existing provisions of MSRB Rule G-20 on gifts, gratuities and non-cash compensation to municipal advisors and their associated persons and to gifts given in relation to municipal advisory activities.³⁴ On December 23, 2015, the Commission approved new MSRB Rule G-42, which establishes the core standards of conduct and duties of municipal advisors when engaging in municipal advisory activities, other than municipal advisory solicitation activities.³⁵ On May 7, 2018, the Commission approved new MSRB Rule G-40, which establishes requirements relating to advertising by municipal advisors.³⁶ On November 20, 2018, the Commission

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- of Proposed New Rule G-44, on Supervisory and Compliance Obligations of Municipal Advisors; Proposed Amendments to Rule G-8, on Books and Records to be Made by Brokers, Dealers and Municipal Securities Dealers; and Proposed Amendments to Rule G-9, on Preservation of Records, Exchange Act Release No. 73415 (Oct. 23, 2014), 79 Fed. Reg. 64423 (Oct. 29, 2014), <https://www.sec.gov/rules/sro/msrb/2014/34-73415.pdf>.
33. See Notice of Filing of Amendment No. 1 and Amendment No. 2 and Order Granting Accelerated Approval of a Proposed Rule Change Consisting of Proposed Amendments to MSRB Rules G-1, on Separately Identifiable Department or Division of a Bank; G-2, on Standards of Professional Qualification; G-3, on Professional Qualification Requirements; and D-13, on Municipal Advisory Activities, Exchange Act Release No. 74384 (Feb. 26, 2015), 80 Fed. Reg. 11076 (Mar. 4, 2015), <https://www.sec.gov/rules/sro/msrb/2015/34-74384.pdf>.
 34. See Order Granting Approval of a Proposed Rule Change Consisting of Proposed Amendments to Rule G-20, on Gifts, Gratuities and Non-Cash Compensation, and Rule G-8, on Books and Records to be Made by Brokers, Dealers, Municipal Securities Dealers, and Municipal Advisors, and the Deletion of Prior Interpretive Guidance, Exchange Act Release No. 76381 (Nov. 6, 2015), 80 Fed. Reg. 70271 (Nov. 13, 2015), <https://www.sec.gov/rules/sro/msrb/2015/34-76381.pdf>.
 35. See Order Granting Approval of a Proposed Rule Change, as Modified by Amendment No. 1 and Amendment No. 2, Consisting of Proposed New Rule G-42, on Duties of Non-Solicitor Municipal Advisors, and Proposed Amendments to Rule G-8, on Books and Records to be Made by Brokers, Dealers, Municipal Securities Dealers, and Municipal Advisors, Exchange Act Release No. 76753 (Dec. 23, 2015), 80 Fed. Reg. 81614 (Dec. 30, 2015). <https://www.sec.gov/rules/sro/msrb/2015/34-76753.pdf>.
 36. See Order Granting Approval of a Proposed Rule Change, Consisting of Amendments to Rule G-21, on Advertising, Proposed New Rule G-40, on Advertising by Municipal Advisors, and a Technical Amendment to Rule G-42, on Duties of Non-Solicitor Municipal Advisors, Exchange Act Release No. 83117 (May 7, 2018), 83 Fed. Reg. 21794 (May 10, 2018). <https://www.sec.gov/rules/sro/msrb/2018/34-83117.pdf>.

approved amendments to MSRB Rule G-3 establishing additional qualification requirements for municipal advisor principals.³⁷

iii. Brokers, Dealers, and Municipal Securities Dealers

In addition to the elements described above regarding the regulation of brokers, dealers, and municipal securities dealers, on June 5, 2019, the Commission adopted Regulation Best Interest, which established a new standard of conduct for broker-dealers and natural persons who are associated persons of a broker-dealer (collectively, “broker-dealers”).³⁸ On June 25, 2020, the Commission approved amendments to certain MSRB rules to align them with the standard established in Regulation Best Interest.³⁹ On June 23, 2022, the Commission approved amendments to certain MSRB rules to align them, with certain exemptions, with the standards of conduct in Regulation Best Interest for certain municipal securities transactions by municipal securities dealers that are not registered broker-dealers, not covered by the Commission’s Regulation Best Interest.⁴⁰

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37. See Order Granting Approval of a Proposed Rule Change, Consisting of Amendments to Rule G-3, on Professional Qualification Requirements to Require Municipal Advisor Principals to Become Appropriately by Passing the Municipal Advisor Principal Qualification Examination, Exchange Act Release No. 84630 (November 20 __, 2018), 83 Fed. Reg. 60927 (November 27, 2018), <https://www.sec.gov/rules/sro/msrb/2018/34-84630.pdf>.
38. See Exchange Act Release No. 86031 (June 5, 2019), 84 FR 33318 (July 12, 2019) (File No. S7-07-18).
39. See Order Granting Approval of a Proposed Rule Change to Align Certain MSRB Rules to Securities Exchange Act Rule 151-1, Regulation Best Interest, Exchange Act Release No. 89154 (June 25, 2020), 85 Fed. Reg. 39613 (July 1, 2020), <https://www.sec.gov/rules/sro/msrb/2020/34-89154.pdf>.
40. See Order Granting Approval of a Proposed Rule Change Consisting of Amendments to MSRB Rule G-19 Regarding Regulation Best Interest for Certain Municipal Securities Activities of Bank Dealers and MSRB Rule G-48 Regarding Quantitative Suitability for Institutional Sophisticated Municipal Market Professionals, Exchange Act Release No. 95145 (June 23, 2022), 87 Fed. Reg. 38795 (June 29, 2022), <https://www.sec.gov/rules/sro/msrb/2022/34-95145.pdf>.

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