

Chapman Client Alert

October 31, 2016

Current Issues Relevant to Our Clients

MSRB 2017 Strategic Priorities and Recent Key Issues for Municipal Issuers, Underwriters, Dealers and Municipal Advisors

The Municipal Securities Rulemaking Board (“MSRB”) recently issued a notice seeking guidance on its strategic priorities for 2017. A copy of the notice is available [here](#). The MSRB’s notice seeks comment on potential areas where the MSRB should focus its strategic goals and how it should prioritize its core activities. Commenters are encouraged to address existing or new areas of interest. Below is a summary of areas that the MSRB specifically noted in its request for comment along with highlights of key recent MSRB actions and areas of focus for municipal issuers, underwriters, municipal securities dealers and municipal advisors. Firms might consider these items in providing comments to the MSRB and in planning for 2017 and beyond.

MSRB 2017 Strategic Priorities

To help formulate its 2017 strategic priorities, the MSRB encouraged public comments on:

- The most important issues, risks or challenges in the municipal market and how the MSRB might address them;
- Whether any of the MSRB’s statutory mandates should be emphasized in the next planning period;
- Areas of municipal advisor regulation that warrant additional consideration;
- Specific strategies the MSRB should consider with respect to the unique aspects of non-municipal issuer entities, such as 529 college savings plans, ABLE program sponsors, government and local investment pools and public pension plans;
- Specific topics the MSRB should address in its education program and effective ways to reach and educate market stakeholders; and
- How to maximize the benefit of the Electronic Municipal Market Access (“EMMA”) website to investors, municipal entities and other market participants.

Recent MSRB Board Areas of Focus

At its recent meeting the MSRB board of directors focused on certain key issues:

- *Mark-up disclosure rule and prevailing market price guidance*—The Board discussed comments received on a proposed rule requiring bond mark-up/mark-down disclosure on certain retail customer trade confirmations.
- *Pre-trade price transparency*—The board continued consideration of making certain pre-trade data available on EMMA.
- *Syndicate practices*—The board is considering potential changes to syndicate offering practices.
- *Uniform practice rule review*—The board is considering providing guidance related to managed accounts and approaches to modernize rules on customer account transfers.
- *Continuing disclosure practices*—The board discussed municipal market disclosure practices, focusing on how the MSRB can facilitate improved timeliness and completeness of annual financial and operating information.
- *Minimum trade size denominations*—The board discussed comments received on a draft proposal to clarify rules prohibiting dealers from buying or selling bonds below the minimum denomination stated bond offering document.

- *Strategic planning*—The board began preparing for discussions to be informed by input on its request on 2017 strategic priorities.

Key Areas of MSRB Activity

The MSRB has engaged in a variety of rulemaking and other activities in the past year. Below is a list (with hyperlinks) to selected Chapman Client Alerts and MSRB notices on selected activities organized by their applicability to municipal issuers and underwriters, municipal securities dealers and municipal advisors.

Municipal Issuers and Underwriters

- [MSRB Proposes Additional Exceptions for Trading Municipal Bonds Below Stated Minimum Denominations](#)
- [Amendments to MSRB Rule G-37 on Political Contributions and Prohibitions on Municipal Securities Business and Related Amendments are Deemed Approved Under the Securities Exchange Act of 1934](#)
- [SEC Approves New MSRB Rule G-42 on Duties of Non-Solicitor Municipal Advisors and Related Amendments to MSRB Rule G-8](#)

Municipal Securities Dealers

- [MSRB Proposes New Rule on Minimum Bond Trading Denominations](#)
- [SEC Seeks Comments on MSRB Rule Changes Requiring Bond Mark-ups/Mark-downs on Trade Confirmations and Guidance on “Prevailing Market Price”](#)
- [SEC Approves Amendments to MSRB Rule G-12 on Close-Out Procedures](#)
- [MSRB Delays Reporting of Information by Underwriters of ABL Programs and Provides Guidance Relating to Municipal Advisors to Sponsors or Trustees of Municipal Fund Securities, including ABL Programs](#)
- [MSRB Provides Guidance on MSRB Rule G-14, on Reports of Sales or Purchases of Municipal Securities](#)
- [MSRB and FINRA Issue Joint Notice Cautioning Broker-Dealers and Municipal Advisors about Bank Loans](#)
- [Municipal Fund Securities - Interpretation Relating to the Sales of Interests in ABL Programs in the Primary Market](#)

- [MSRB Proposes Additional Exceptions for Trading Municipal Bonds Below Stated Minimum Denominations](#)
- [MSRB Publishes Its First Compliance Advisory for Broker-Dealers](#)
- [MSRB Amends its Rule Regarding Calculations for Bonds that Do Not Pay Interest Semi-Annually](#)
- [Amendments to MSRB Rule G-37 on Political Contributions and Prohibitions on Municipal Securities Business and Related Amendments are Deemed Approved Under the Securities Exchange Act of 1934](#)
- [SEC Approves New MSRB Rule G-42 on Duties of Non-Solicitor Municipal Advisors and Related Amendments to MSRB Rule G-8](#)
- [New MSRB Best Execution Rule Effective March 21, 2016; FINRA and MSRB Provide Best Execution Guidance](#)
- [MSRB Adopts New Rule on Gifts, Gratuities and Non-Cash Compensation](#)
- [MSRB Adopts Rule Requiring Participation in Business Continuity and Disaster Recovery Testing](#)

Municipal Advisors

- [Request for Comment on Draft Provisions to Establish a Continuing Education Requirement for Municipal Advisors](#)
- [MSRB Delays Reporting of Information by Underwriters of ABL Programs and Provides Guidance Relating to Municipal Advisors to Sponsors or Trustees of Municipal Fund Securities, including ABL Programs](#)
- [MSRB Decides Not to Pursue Proposal to Require Municipal Advisors to Disclose Bank Loans, but the Discussion Surrounding Bank Loan Disclosure is Far from Over](#)
- [MSRB and FINRA Issue Joint Notice Cautioning Broker-Dealers and Municipal Advisors about Bank Loans](#)
- [Municipal Fund Securities - Interpretation Relating to the Sales of Interests in ABL Programs in the Primary Market](#)
- [Amendments to MSRB Rule G-37 on Political Contributions and Prohibitions on Municipal Securities Business and Related Amendments are Deemed Approved Under the Securities Exchange Act of 1934](#)

- [SEC Approves New MSRB Rule G-42 on Duties of Non-Solicitor Municipal Advisors and Related Amendments to MSRB Rule G-8](#)
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[For More Information](#)

To discuss any topic covered in this Client Alert, please contact a member of the Investment Management Group or visit us online at chapman.com.

[What Should I Do Now?](#)

Comments on the MSRB's request for input on its 2017 strategic priorities are due by November 11, 2016 and may be submitted in paper form or electronically at the MSRB's website. Firms should review their existing business, operational and compliance practices as they begin planning for 2017 and beyond given the ongoing rulemaking activities of the MSRB.

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