



Municipal Securities Rulemaking Board

February 25, 2016

Protecting the integrity of one of our country's most essential local financing mechanisms is a responsibility shared by regulators and the regulated firms that operate in the municipal securities market. To help ensure that all municipal securities brokers, dealers and municipal securities dealers remain mindful of their responsibilities, the Municipal Securities Rulemaking Board (MSRB) is providing regulated firms with a new publication that identifies some of the key compliance risks that, if not properly addressed, could adversely affect public confidence in the municipal securities market.

The MSRB's [2016 Compliance Advisory for Brokers, Dealers and Municipal Securities Dealers](#) describes factors for firms to consider when assessing the adequacy of their compliance programs. This advisory addresses long-standing MSRB fair practice rules as well as newly developed regulations, such as the best execution rule effective March 21, 2016.

A number of the risks identified in the advisory relate to core components of MSRB rules that are designed to protect investors and ensure that transactions are conducted in a fair and ethical manner. Other identified risks highlight dealer obligations to municipal entities and the need to provide adequate disclosures and minimize conflicts of interest in municipal securities underwriting.

The MSRB engages in an ongoing dialog with municipal market participants through education and outreach events, and encourages them to share their input on issues that may require regulatory scrutiny or compliance controls. Together we can ensure that the municipal market continues to operate with the key protections that investors and municipal entities deserve.

Sincerely yours,

A handwritten signature in black ink that reads "Lynnette Kelly". The signature is written in a cursive, flowing style.

Lynnette Kelly
Executive Director