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[Rule G-34](#)

## MSRB to Amend Rule G-34, on CUSIP Numbers, New Issue, and Market Information Requirements

### Overview

The Municipal Securities Rulemaking Board (MSRB) received approval from the Securities and Exchange Commission (SEC) on December 14, 2017, to amend MSRB Rule G-34, on CUSIP numbers, new issue, and market information requirements (the “amendments”).<sup>1</sup>

The amendments will codify the MSRB’s longstanding interpretive view that brokers, dealers and municipal securities dealers (collectively, “dealers”) are “underwriters” when acting as placement agent in private placements of municipal securities, including direct purchases. In addition, the amendments will extend to non-dealer municipal advisors, the requirement that a municipal advisor obtain a CUSIP number when advising on a competitive transaction in municipal securities. Finally, the amendments will provide a principles-based exception for dealers (and municipal advisors in competitive sales) from the CUSIP number requirements when selling a new issue of municipal securities in certain circumstances where the dealer or municipal advisor reasonably believes (*e.g.*, by obtaining a written representation) that the present intent of the purchasing entity is to hold the municipal securities to maturity or earlier redemption or mandatory tender. Dealers also will be able to rely on the principles-based exception with respect to the requirement to apply for depository eligibility for a new issue pursuant to Rule G-34.

The amendments will become effective on June 14, 2018.

Questions about this notice may be directed to Margaret R. Blake, Associate General Counsel, at 202-838-1500.



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<sup>1</sup> Exchange Act Release No. 82321 (Dec. 14, 2017), File No. SR-MSRB-2017-06.

## Background

In 1983, the SEC approved MSRB Rule G-34, on CUSIP numbers, new issue and market information requirements.<sup>2</sup> The MSRB adopted Rule G-34 to improve efficiencies in the processing and clearance activities of the municipal securities industry, noting that “if all eligible municipal securities have CUSIP numbers assigned to and printed on them, dealers will be able to place greater reliance on the CUSIP identification of these securities in receiving, delivering, and safekeeping” them.<sup>3</sup> Rule G-34 requires a dealer, whether acting as agent or principal, that acquires an issuer’s securities “for the purpose of distributing such new issue,” and a dealer acting as a financial advisor in a competitive sale of a new issue, to apply for a CUSIP number for the new issue by a particular point in time in the transaction process. The rule requires, among other things, that underwriters, and financial advisors in competitive sales, make application for a CUSIP number based on eight specified items of information about the new issue.<sup>4</sup>

To inform its development of the amendments to Rule G-34, the MSRB sought public comment on draft amendments in MSRB Notice 2017-05 and MSRB Notice 2017-11.<sup>5</sup> In response to these requests for comment, the MSRB received 20 and 16 comment letters, respectively, from a diverse group of commenters. The MSRB found the input from commenters to be highly informative and valuable. After carefully considering the comments received in response to each request, the MSRB revised its draft amendments before filing with the SEC.<sup>6</sup> The SEC published the draft amendments for comment in the Federal Register on September 18, 2017 and received 11 comment letters in response thereto. The MSRB carefully considered the comment letters submitted to the SEC and modified the proposed amendments as reflected in the subsequent amendment to the

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<sup>2</sup> Exchange Act Release No. 19743 (May 9, 1983), 48 FR 21690-01 (May 13, 1983) (SR-MSRB-82-11).

<sup>3</sup> Exchange Act Release No. 18959 (Aug. 13, 1982), 47 FR 36737-03 (Aug. 23, 1982) (SR-MSRB-82-11).

<sup>4</sup> These eight items are contained in current Rule G-34(a)(i)(A)(4)(a) through (h) and were part of CUSIP Service Bureau’s original standards for issuing CUSIP numbers.

<sup>5</sup> See Request for Comment on Draft Amendments to and Clarifications of MSRB Rule G-34, on Obtaining CUSIP Numbers, MSRB Notice 2017-05 (Mar. 1, 2017); and Second Request for Comment on Draft Amendments to and Clarifications of MSRB Rule G-34, on Obtaining CUSIP Numbers, MSRB Notice 2017-11 (June 1, 2017).

<sup>6</sup> See Exchange Act Release No. 81595 (Sept. 13, 2017), 82 FR 43587 (Sept. 18, 2017).

filing made with the SEC.<sup>7</sup> The SEC received two comment letters in response to the amended filing.

## Summary of Rule Changes

***Clarify the application of the CUSIP number requirements to dealers in private placements.*** The MSRB is aware that, despite guidance issued with respect to applying for CUSIP numbers, there continues to be confusion and inconsistency in the application of the CUSIP number requirements under Rule G-34(a)(i)(A), particularly with respect to dealers acting as placement agents in private placements, including direct purchases. To alleviate these issues, the amendments will delete the existing definition of “underwriter” in G-34(a)(i)(A) and replace it in a new section (e) on definitions. New subsection (e)(vii) will cross-reference to the term “underwriter” as it is defined in Exchange Act Rule 15c2-12(f)(8).<sup>8</sup> This amendment will codify the MSRB’s existing interpretations and clarify in the text of the rule that dealers acting as placement agents in private placement transactions, including direct purchases of municipal securities, are subject to the CUSIP-related requirements set forth in Rule G-34(a).

***Apply the CUSIP number requirements to all municipal advisors advising on a competitive sale of municipal securities.*** The amendments will apply the CUSIP number requirements of Rule G-34(a)(i)(A) to all municipal advisors advising on a competitive sale of a new issue of municipal securities. In 1986, the MSRB amended Rule G-34 to require a dealer “acting as a financial advisor” in a competitive sale of a new issue to apply for CUSIP numbers so as to allow assignment of the number prior to the date of award.<sup>9</sup> The MSRB believes that requiring only some municipal advisors to obtain CUSIP

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<sup>7</sup> See Exchange Act Release No. 82053 (Nov. 13, 2017), 82 FR 54455 (Nov. 17, 2017). Note that on October 18, 2017, the MSRB granted an extension of time for the Commission to act on the filing until December 15, 2017.

<sup>8</sup> Exchange Act Rule 15c2-12(f)(8) defines “underwriter” as

any person who has purchased from an issuer of municipal securities with a view to, or offers or sells for an issuer of municipal securities in connection with, the offering of any municipal security, or participates or has a direct or indirect participation in any such undertaking, or participates or has a participation in the direct or indirect underwriting of any such undertaking; except, that such term shall not include a person whose interest is limited to a commission, concession, or allowance from an underwriter, broker, dealer, or municipal securities dealer not in excess of the usual and customary distributors' or sellers' commission, concession, or allowance.

<sup>9</sup> Exchange Act Release No. 22730 (Dec. 19, 1985), 50 FR 53046-01 (Dec. 27, 1985) (SR-MSRB-85-20).

numbers in competitive sales creates inconsistencies and inefficiencies in the application of the requirement. Additionally, from a policy standpoint, the market efficiencies served by the 1986 amendments will also be served by these amendments because a dealer no longer will be the first party to begin the process to obtain the CUSIP number after the award in a competitive sale where a non-dealer municipal advisor has been engaged.

The amendments also will clarify in Rule G-34(a)(i)(A)(3) that a municipal advisor in a competitive sale must make application for a CUSIP number no later than one business day after dissemination of a notice of sale “or other such request for bids.” This additional language ensures the timing of the application for a CUSIP number in instances where bids are sought in a competitive sale of municipal securities using documentation other than a traditional notice of sale. Requiring the municipal advisor in a competitive transaction to apply for the CUSIP number no later than one business day after the dissemination of a notice of sale or other request for bids helps ensure that trading in the new issue can begin immediately upon award.

***Provide an exception from the CUSIP number and depository eligibility requirements in certain circumstances.*** The MSRB believes that in some sales of new issue municipal securities, dealers (or municipal advisors in competitive sales) should not be required to apply for CUSIP numbers. For example, in some instances banks in direct purchase transactions are reluctant to engage in certain financing transactions if a CUSIP number is required. While a dealer may determine from its perspective that a transaction involves a municipal security for securities law purposes, the bank purchaser may consider the transaction to be a loan for certain banking or accounting purposes, thus making the bank less likely to engage in the financing where the new issue has a CUSIP number. As a result, dealers, on behalf of their municipal issuer clients, may be hindered in their ability to directly place municipal securities with banks and issuers may have fewer financing options or providers from which to choose.

Similarly, where a municipal entity is purchasing municipal securities using funds that are at least in part proceeds of that purchasing entity’s issuance of other municipal obligations, or where the municipal securities being purchased are used to fully or partially secure or pay the purchasing entity’s issue of municipal obligations, there is a strong expectation that the underlying municipal securities being purchased are intended to be held and not traded in the secondary market.

The amendments will provide a principles-based exception in these instances. Specifically, pursuant to Rule G-34(a)(i)(F), a dealer (or municipal advisor in a competitive sale) is not required to apply for a CUSIP number in

the case of sales of municipal securities to a bank, a non-dealer control affiliate of a bank or a consortium thereof; or to another municipal entity that is purchasing the municipal securities with funds that are, at least in part, proceeds of, or fully or partially securing or paying, the purchasing entity's issue of municipal obligations (*e.g.*, state revolving fund or bond bank), and the dealer (or municipal advisor in a competitive sale) reasonably believes (*e.g.*, by obtaining a written representation) that the purchasing entity has the present intent to hold the municipal securities to maturity or earlier redemption or mandatory tender.

In addition, the amendments will clarify in Rule G-34(a)(ii)(A)(3), that the principles-based exception also applies with respect to the requirement that the underwriter apply for depository eligibility of a new issue.

Dealers and municipal advisors relying on the principles-based exception would be expected to develop policies and procedures consistent with their relevant business activities for reaching a reasonable belief as to an investor's present intent. Obtaining a written representation from the purchaser is one example for determining the purchaser's present intent. There are other reasonable indicia that a dealer or municipal advisor could consider in order to reach a reasonable belief as to an investor's present intent; for example, review of transaction documentation.<sup>10</sup>

***Make non-substantive, technical changes to the rule.*** The amendments will move definitions that apply generally throughout the rule into a new section (e) on definitions, and, as noted above, will add a new definition of "underwriter" in subsection (e)(vii). The amendments will make other technical changes to adjust cross-references and improve formatting.

December 15, 2017

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<sup>10</sup> The amendments are not intended to require or encourage municipal advisors to engage in activity they deem outside the scope of their allowed activities. Thus, a municipal advisor concerned about inadvertently engaging in dealer activity, for example, may determine that reviewing transaction documentation without interacting with the purchaser is a more appropriate process for potentially reaching a reasonable belief as to the purchaser's present intent.

## Text of Amendments\*

### Rule G-34: CUSIP Numbers, New Issue, and Market Information Requirements

#### (a) *New Issue Securities.*

##### (i) *Assignment and Affixture of CUSIP Numbers.*

(A) Except as otherwise provided in this section (a) and section (d), ~~each a~~ broker, dealer or municipal securities dealer acting as an underwriter in who acquires, whether as principal or agent, a new issue of municipal securities, and a municipal advisor advising the issuer with respect to from the issuer of such securities for the purpose of distributing such new issue ("underwriter") ~~and each broker, dealer or municipal securities dealer acting as a financial advisor in a competitive sale of a new issue of municipal securities, ("financial advisor")~~ shall apply in writing to the Board or its designee for assignment of a CUSIP number or numbers to such new issue, as follows:

(1) - (2) No change.

(3) A ~~financial~~ municipal advisor advising the issuer with respect to a competitive sale of a new issue of municipal securities shall make an application by no later than one business day after dissemination of a notice of sale or other such request for bids. Such application for CUSIP number assignment shall be made at a time sufficient to ensure final CUSIP numbers assignment occurs prior to the award of the issue.

(4) No change.

(5) Any changes to information identified in ~~this~~ subparagraph (a)(i)(A)(4) and included in an application for CUSIP number assignment shall be provided to the Board or its designee as soon as they are known but no later than a time sufficient to ensure final CUSIP number assignment occurs prior to disseminating the ~~time of first execution~~ required under subparagraph (a)(ii)(C)(1)(b) of this Rule G-34.

(B) The information required by subparagraph (i)(A)(4) of this section (a) shall be provided in accordance with the provisions of this ~~sub~~paragraph. The application shall include a copy of a notice of sale, official statement, legal opinion, or other similar documentation prepared by or on behalf of the issuer, or portions of such documentation, reflecting the information required by subparagraph (i)(A)(4) of this section (a). Such documentation may be submitted in preliminary form if no final documentation is available at the time of application. In such event the final documentation, or the relevant portions of such documentation, reflecting any changes in the information required by subparagraph (i)(A)(4) of this section (a) shall be submitted when such documentation becomes available. If no such documentation, whether in preliminary or final form,

\* Underlining indicates new language; strikethrough denotes deletions.

is available at the time application for CUSIP number assignment is made, such copy shall be provided promptly after the documentation becomes available.

(C) The provisions of ~~paragraph subsection~~ (i) of this section (a) shall not apply with respect to any new issue of municipal securities on which the issuer or a person acting on behalf of the issuer has submitted an application for assignment of a CUSIP number or numbers.

(D) – (E) No change.

(F) A broker, dealer or municipal securities dealer acting as an underwriter of a new issue of municipal securities, or a municipal advisor advising the issuer with respect to a competitive sale of a new issue, which is being purchased directly by a bank, any entity directly or indirectly controlled by the bank or under common control with the bank, other than a broker, dealer or municipal securities dealer registered under the Securities Exchange Act of 1934, or a consortium of such entities; or by a municipal entity with funds that are, at least in part, proceeds of, or fully or partially secure or pay, the purchasing entity's issue of municipal obligations (e.g., state revolving fund or bond bank), may elect not to apply for assignment of a CUSIP number or numbers if the underwriter or municipal advisor reasonably believes (e.g., by obtaining a written representation) that the present intent of the purchasing entity or entities is to hold the municipal securities to maturity or earlier redemption or mandatory tender.

(ii) Application for Depository Eligibility and Dissemination of New Issue Information. Each underwriter shall carry out the following functions:

(A) Except as otherwise provided in this ~~sub~~paragraph (ii)(A) and section (d), the underwriter shall apply to a securities depository registered with the Securities and Exchange Commission, in accordance with the rules and procedures of such depository, to make such new issue depository-eligible. The application required by this ~~sub~~paragraph (ii)(A) shall be made as promptly as possible, but in no event later than one business day after award from the issuer (in the case of a competitive sale) or one business day after the execution of the contract to purchase the securities from the issuer (in the case of a negotiated sale). In the event that the full documentation and information required to establish depository eligibility is not available at the time the initial application is submitted to the depository, the underwriter shall forward such documentation as soon as it is available; provided, however, this ~~sub~~paragraph (ii)(A) of this rule shall not apply to:

(1) No change.

(2) any new issue maturing in 60 days or less; or

(3) a new issue of municipal securities purchased directly by a bank, any entity directly or indirectly controlled by the bank or under common control with the bank, other than a broker, dealer or municipal securities dealer registered under the Securities Exchange Act of 1934, or a consortium of such entities; or by a municipal entity with funds that are, at least in part, proceeds of, or fully or partially secure or pay, the purchasing entity's issue of municipal obligations (e.g., state revolving fund or bond bank), from an issuer in which an underwriter

reasonably believes (e.g., by obtaining a written representation) that the present intent of the purchasing entity or entities is to hold the municipal securities to maturity or earlier redemption or mandatory tender.

(B) No change.

(C) The underwriter of a new issue of municipal securities, which has been made depository eligible pursuant to paragraph (ii)(A) above, shall communicate information about the new issue in accordance with the requirements of this paragraph (a)(ii)(C) to ensure that other brokers, dealers and municipal securities dealers have timely access to information necessary to report, compare, confirm, and settle transactions in the new issue and to ensure that registered securities clearing agencies receive information necessary to provide comparison, clearance and depository services for the new issue; provided, however, that this paragraph (a)(ii)(C) shall not apply to commercial paper.

(1) The underwriter shall ensure that the following information is submitted to NIIDS in the manner described in the written procedures for system users and that changes or corrections to submitted information are made as soon as possible:

(a) the ~~T~~ime of ~~F~~ormal ~~A~~ward.

(i) For purposes of this paragraph (a)(ii)(C), the "~~T~~ime of ~~F~~ormal ~~A~~ward" means:

(A) – (B) No change.

(ii) If the underwriter and issuer have agreed in advance on a ~~T~~ime of ~~F~~ormal ~~A~~ward, that time may be submitted to NIIDS in advance of the actual ~~T~~ime of ~~F~~ormal ~~A~~ward.

(b) the ~~T~~ime of ~~F~~irst ~~E~~xecution.

(i) For purposes of this paragraph (a)(ii)(C), the "~~T~~ime of ~~F~~irst ~~E~~xecution" means the time the underwriter plans to execute its first transactions in the new issue.

(ii) The underwriter shall designate a ~~T~~ime of ~~F~~irst ~~E~~xecution that is:

(A) No change.

(B) for all other new issues, no less than two ~~B~~usiness ~~H~~ours after all information required by paragraph (a)(ii)(C) has been transmitted to NIIDS; provided that the ~~T~~ime of ~~F~~irst ~~E~~xecution may be designated as 9:00 A.M. Eastern Time or later on the RTRS ~~B~~usiness ~~D~~ay following the day on which all information required by paragraph (a)(ii)(C) has been transmitted to NIIDS without regard to whether two ~~B~~usiness ~~H~~ours have elapsed.

(c) No change.

(2) The underwriter shall ensure that all information identified in this paragraph (a)(ii)(C) is transmitted to NIIDS no later than two ~~B~~business ~~H~~hours after the ~~T~~time of ~~F~~formal ~~A~~award. For purposes of this paragraph (a)(ii)(C):

(a) "~~B~~business ~~H~~hours" shall include only the hours from 9:00 A.M. to 5:00 P.M. Eastern Time on an RTRS ~~B~~business ~~D~~day.

(b) "RTRS ~~B~~business ~~D~~day" shall have the meaning set forth in Rule G-14 RTRS Procedures subsection (d)(ii).

(3) No change.

(a) – (b) No change.

(D) The underwriter of any new issue of municipal securities consisting of commercial paper shall, as promptly as possible, announce each item of information listed below in a manner reasonably designed to reach market participants that may trade the new issue. All information shall be announced no later than the time of the first execution of a transaction in the new issue by the underwriter.

(1) No change.

(2) the ~~T~~time of ~~F~~formal ~~A~~award as defined in subparagraph (a)(ii)(C)(1)(a).

(E) No change.

(1) - (2) No change.

(iii) No change.

(iv) *Limited Use of NRO Designation*. From and after the time of initial award of a new issue of municipal securities, a broker, dealer or municipal securities dealer may not use the term "not reoffered" or other comparable term or designation without also including the applicable price or yield information about the securities in any of its written communications, electronic or otherwise, sent by it or on its behalf. For purposes of this subsection (iv), the "time of initial award" means the earlier of (A) the ~~T~~time of ~~F~~formal ~~A~~award as defined in subparagraph (a)(ii)(C)(1)(a), or (B) if applicable, the time at which the issuer initially accepts the terms of a new issue of municipal securities subject to subsequent formal award.

(b) *Secondary Market Securities*.

(i) No change.

(ii) Each broker, dealer or municipal securities dealer, in connection with a sale or an offering for sale of part of a maturity of an issue of municipal securities which is assigned a CUSIP number that no longer designates securities identical with respect to all features of the issue listed in items ~~(1a)~~ through ~~(8h)~~

of subparagraph (a)(i)(A)(4) of this rule, shall apply in writing to the Board or its designee for a new CUSIP number or numbers to designate the part or parts of the maturity which are identical with respect to items (4a) through (8h) of subparagraph (a)(i)(A)(4).

(iii) The broker, dealer or municipal securities dealer shall make the application required under this section (b) as promptly as possible, and shall provide to the Board or its designee:

(A) No change.

(B) all information on the features of the maturity of the issue listed in items (4a) through (8h) of subparagraph (a)(i)(A)(4) of this rule and documentation of the features of such maturity sufficient to evidence the basis for CUSIP number assignment; and,

(C) No change.

~~(c) Variable Rate Security Market Information. The Board operates a facility for the collection and public dissemination of information and documents about securities bearing interest at short term rates (the Short term Obligation Rate Transparency System, or SHORT System).~~

~~(i) Auction Rate Securities. Auction Rate Securities are municipal securities in which the interest rate resets on a periodic basis under an auction process conducted by an agent responsible for conducting the auction process on behalf of the issuer or other obligated person with respect to such Auction Rate Securities ("Auction Agent") that receives orders from brokers, dealers and municipal securities dealers.~~

(A) Auction Rate Securities Data.

(1) Each broker, dealer or municipal securities dealer that submits an order directly to an Auction Agent for its own account or on behalf of another account to buy, hold or sell an Auction Rate Security through the auction process (~~"Program Dealer"~~) shall report, or ensure the reporting of, the following information about the Auction Rate Security and concerning the results of the auction to the Board:

(a) - (b) No change.

(c) Identity of all ~~Program Dealers~~ that submitted orders, including but not limited to hold orders;

(d) - (g) No change.

(h) Date and time the interest rate determined as a result of the auction process was communicated to ~~Program Dealers~~;

(i) - (k) No change.

(l) Interest rate(s), aggregate par amount(s), and type of order – either buy, sell or hold – for a Program Ddealer for its own account and aggregate par amounts of such orders, by type, that were executed; and

(m) Interest rate(s), aggregate par amount(s), and type of order – either buy, sell or hold – for an issuer or conduit borrower for such Auction Rate Security.

(2) Information identified in ~~sub~~paragraph (c)(i)(A) shall be provided to the Board by no later than 6:30 P.M. Eastern Time on the date on which an auction occurs if such date is an RTRS Business Day as defined in Rule G-14 RTRS Procedures ~~sub~~section (d)(ii). In the event that any item of information identified in subparagraph (c)(i)(A)(1) is not available by the deadline in this subparagraph (c)(i)(A)(2), such item shall be provided to the Board as soon as it is available. In the event that an auction occurs on a non-RTRS Business Day, the information identified in subparagraph (c)(i)(A)(1) shall be reported by no later than 6:30 P.M. Eastern Time on the next RTRS Business Day.

(3) A Program Ddealer may designate an agent to report the information identified in subparagraph (c)(i)(A)(1) to the Board, provided that an Auction Agent may submit information on behalf of a Program Ddealer absent such designation by the Program Ddealer. The failure of a designated agent to comply with any requirement of this ~~paragraph~~subsection (c)(i) shall be considered a failure by such Program Ddealer to so comply; provided that if an Auction Agent has, within the time periods required under subparagraph (c)(i)(A)(2), reported the information required under subparagraph (c)(i)(A)(1), the Program Ddealer may rely on the accuracy of such information if the Program Ddealer makes a good faith and reasonable effort to cause the Auction Agent to correct any inaccuracies known to the Program Ddealer.

(4) For Auction Rate Securities in which there are multiple Program Ddealers, each Program Ddealer must only report for items (i) through (m) of the items of information identified in subparagraph (c)(i)(A)(1) information reflective of the Program Ddealer's involvement in the auction. A designated agent as described in subparagraph (c)(i)(A)(3) reporting results of an auction on behalf of multiple Program Ddealers must report for items (i) through (m) of the items information identified in subparagraph (c)(i)(A)(1) information reflective of the aggregate of all such Program Ddealers' involvement in the auction for which the designated agent is making a report. A Program Ddealer may rely on the reporting of information by an Auction Agent as provided in subparagraph (c)(i)(A)(3) if the Auction Agent has undertaken to report, and the Program Ddealer does not have reason to believe that the Auction Agent is not accurately reporting, all items of information identified in subparagraph (c)(i)(A)(1), to the extent applicable, for an auction that is reflective of all Program Ddealers that were involved in the auction.

(5) Information reported to the Board pursuant to this subsection (c)(i) shall be submitted in the manner described in the written procedures for SHORT System users and changes to submitted information must be made as soon as possible.

(6) Every broker, dealer or municipal securities dealer that submits an order to a ~~P~~program ~~D~~dealer on behalf of an issuer or conduit borrower for such ~~A~~uction ~~R~~ate ~~S~~ecurities shall disclose at the time of the submission of such order that the order is on behalf of an issuer or conduit borrower for such ~~A~~uction ~~R~~ate ~~S~~ecurities.

(B) Auction Rate Securities Documents.

(1) Each ~~P~~program ~~D~~dealer shall submit to the Board current documents setting forth auction procedures and interest rate setting mechanisms associated with an outstanding ~~A~~uction ~~R~~ate ~~S~~ecurity for which it acts as a ~~P~~program ~~D~~dealer by no later than September 22, 2011 and shall submit to the Board any future, subsequently amended or new versions of such documents no later than five business days after they are made available to the ~~P~~program ~~D~~dealer.

(2) All submissions of documents required under subparagraph (c)(i)(B)(1) shall be made by electronic submissions to the SHORT ~~S~~ystem in a designated electronic format (as defined in Rule G-32) at such time and in such manner as specified herein and in the SHORT System Users Manual.

~~(ii) Variable Rate Demand Obligations. Variable Rate Demand Obligations are securities in which the interest rate resets on a periodic basis with a frequency of up to and including every nine months, an investor has the option to put the issue back to the trustee, tender agent or other agent of the issuer or obligated person at any time, typically with specified advance notice ("Notification Period"), and a broker, dealer or municipal security dealer acts as a remarketing agent ("Remarketing Agent") responsible for reselling to new investors securities that have been tendered for purchase by a holder.~~

(A) Variable Rate Demand Obligations Data.

(1) Each ~~R~~emarketing ~~A~~gent for a ~~V~~ariable ~~R~~ate ~~D~~emand ~~O~~bligation shall report the following information to the Board about the ~~V~~ariable ~~R~~ate ~~D~~emand ~~O~~bligation applicable at the time of and concerning the results of an interest rate reset:

(a) – (b) No change.

(c) Identity of the ~~R~~emarketing ~~A~~gent;

(d) – (h) No change.

(i) Identity of liquidity provider, type and expiration date of each liquidity facility applicable to the ~~V~~ariable ~~R~~ate ~~D~~emand ~~O~~bligation;

(j) Identity of the agent of the issuer to which bondholders may tender their security ("~~T~~tender ~~A~~gent"); and

(k) Aggregate par amount, if any, of the ~~V~~ariable ~~R~~ate ~~D~~emand ~~O~~bligation held by a liquidity provider(s) (par amount held as "~~B~~ank ~~B~~onds"), and aggregate par amount, if

any, of the ~~V~~variable ~~R~~rate ~~D~~demand ~~O~~obligation held by parties other than a liquidity provider(s), including the par amounts held by the ~~R~~remarketing ~~A~~agent and by investors.

(2) Information identified in subparagraph (c)(ii)(A)(1) shall be provided to the Board by no later than 6:30 P.M. Eastern Time on the date on which an interest rate reset occurs if such date is an RTRS ~~B~~business ~~D~~day as defined in Rule G-14 RTRS Procedures subsection (d)(ii). In the event that any item of information identified in subparagraph (c)(ii)(A)(1) is not available by the deadline in this subparagraph (c)(ii)(A)(2), such item shall be provided to the Board as soon as it is available provided that items (i) through (k) of the information identified in subparagraph (c)(ii)(A)(1) shall reflect the information available to the ~~R~~remarketing ~~A~~agent as of the date and time of the interest rate reset. In the event that an interest rate reset occurs on a non-RTRS ~~B~~business ~~D~~day, the information identified in subparagraph (c)(ii)(A)(1) shall be reported by no later than 6:30 P.M. Eastern Time on the next RTRS ~~B~~business ~~D~~day.

(3) A ~~R~~remarketing ~~A~~agent may designate an agent to report the information identified in subparagraph (c)(ii)(A)(1) to the Board. The failure of a designated agent to comply with any requirement of this paragraph (c)(ii) shall be considered a failure by such ~~R~~remarketing ~~A~~agent to so comply.

(4) Information reported to the Board pursuant to this subsection (c)(ii) shall be submitted in the manner described in the written procedures for SHORT ~~S~~system users and changes to submitted information must be made as soon as possible.

(B) Variable Rate Demand Obligations Documents.

(1) Each ~~R~~remarketing ~~A~~agent shall use best efforts to obtain and shall submit to the SHORT ~~S~~system the current versions of the following documents detailing provisions of liquidity facilities associated with the ~~V~~variable ~~R~~rate ~~D~~demand ~~O~~obligation for which it acts as a ~~R~~remarketing ~~A~~agent by no later than September 22, 2011 and shall submit to the SHORT ~~S~~system any future, subsequently amended or new versions of such documents no later than five business days after they are made available to the ~~R~~remarketing ~~A~~agent:

- (a) Stand-~~B~~by ~~B~~bond ~~P~~urchase ~~A~~greement;
- (b) Letter of ~~C~~redit ~~A~~greement; and
- (c) No change.

(2) All submissions of documents required under this rule shall be made by electronic submissions to the SHORT ~~S~~system in a designated electronic format (as defined in Rule G-32) at such time and in such manner as specified herein and in the SHORT System Users Manual.

(3) In the event that a document described in subparagraph (c)(ii)(B)(1) is not able to be obtained through the best efforts of the ~~R~~remarketing ~~A~~agent, the ~~R~~remarketing ~~A~~agent shall submit notice to the SHORT ~~S~~system that such document will not be provided at such times as specified herein and in the SHORT System Users Manual.

(d) No change.

(e) Definitions. For purposes of this rule, the following terms have the following meanings:

(i) The term “auction agent” shall mean the agent responsible for conducting the auction process for auction rate securities on behalf of the issuer or other obligated person with respect to such securities and that receives orders from brokers, dealers and municipal securities dealers.

(ii) The term “auction rate security” shall mean municipal securities in which the interest rate resets on a periodic basis under an auction process conducted by an auction agent.

(iii) The term “notification period” shall mean the specified advance notice period during which an investor in a variable rate demand obligation has the option to put the issue back to the trustee, tender agent or other agent of the issuer or obligated person.

(iv) The term “program dealer” shall mean each broker, dealer or municipal securities dealer that submits an order directly to an auction agent for its own account or on behalf of another account to buy, hold or sell an auction rate security through the auction process.

(v) The term “remarketing agent” shall mean, with respect to variable rate demand obligations, the broker, dealer or municipal securities dealer responsible for reselling to new investors securities that have been tendered for purchase by a holder.

(vi) The term “SHORT system” shall mean the Short-term Obligation Rate Transparency System, a facility operated by the Board for the collection and public dissemination of information and documents about securities bearing interest at short-term rates.

(vii) The term “underwriter” shall mean an underwriter as defined in Securities Exchange Act Rule 15c2-12(f)(8) and includes a dealer acting as a placement agent.

(viii) The term “variable rate demand obligation” shall mean securities in which the interest rate resets on a periodic basis with a frequency of up to and including every nine months, where an investor has the option to put the issue back to the trustee, tender agent or other agent of the issuer or obligated person at any time, typically within a notification period, and a broker, dealer or municipal securities dealer acts as a remarketing agent responsible for reselling to new investors securities that have been tendered for purchase by a holder.