

# Progress Report on Expanded Compliance Support

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## Background

Effective regulation of the municipal securities market is achieved through appropriately tailored rules accompanied by robust compliance support, such as interpretive guidance, supervisory checklists and continuing education. In 2017, the Municipal Securities Rulemaking Board (MSRB) [established a long-term strategic goal](#) to increase its commitment to developing guidance and resources that assist and support regulated entities' ability to comply with their standards of conduct and develop effective compliance systems.

The MSRB's strategic shift toward providing additional compliance support stemmed from a recognition that the industry continues to adapt to new foundational rules for municipal advisors and landmark new investor protection rules for dealers. The MSRB's shift in strategic priorities has not been without its challenges. Stakeholders continue to express concern about the intent and purpose of MSRB compliance resources, as well as about market advisories addressing topics beyond the scope of MSRB rulemaking.

With the input of its Compliance Advisory Group, the MSRB continues to work to provide more clarity about the [different types of compliance information](#) and how its [market leadership activities](#) support its mission. The MSRB also aims to more clearly state the intent and scope of any new resource in the introduction of each document. Further, the MSRB is revising its policy on providing interpretive guidance to facilitate its efforts to serve as a resource to regulated entities.

The MSRB welcomes feedback from stakeholders about how the organization can continuously improve its approach to providing compliance support and ensure the resources available to regulated entities are clear, helpful and relevant. Please contact the MSRB at [compliance@msrb.org](mailto:compliance@msrb.org).



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## Forming the Compliance Advisory Group

The MSRB sought to leverage the significant experience and perspectives of regulated entities in shaping its approach to compliance support. With the [formation of the Compliance Advisory Group in 2017](#), the MSRB brought together nine compliance-oriented senior executives representing the diversity of MSRB-regulated firms. These experienced professionals contributed their time, perspectives and insights to advance the MSRB's long-term strategic goal to facilitate compliance.

Given the important contributions of the Compliance Advisory Group this year, the MSRB Board of Directors will convene another Compliance Advisory Group in the coming year. More information on Board advisory groups and opportunities to participate will be provided at the start of the next fiscal year.

## Developing Compliance Resources and Guidance

Together with feedback received on a [public request for comment](#) and through [ongoing stakeholder engagement](#), the Compliance Advisory Group advised the MSRB on the development of 32 new compliance resources for municipal securities dealers and municipal advisors. At the suggestion of the group and other stakeholders, the MSRB sought broader public comment on draft guidance to ensure the information would be helpful and relevant to regulated entities. All compliance resources are available in the MSRB's consolidated online [Compliance Center](#). Additionally, compliance resources and a history of rule amendments have been integrated with the relevant MSRB rules in the [Rules and Guidance](#) section of MSRB.org.

### Municipal Advisor Compliance Resources

- ✓ [Q&A Summary: MSRB Compliance Workshop on Small Firm Municipal Advisor Supervision](#)
- ✓ [FAQs Regarding MSRB Rule G-42 and Making Recommendations](#)
- ✓ [Municipal Advisor Outsourcing of Compliance Functions](#)
- ✓ [Sample Template and Checklist for Municipal Advisor WSPs](#)
- ✓ [FAQs on Continuing Education Program Requirements for Municipal Advisors](#)
- ✓ [Developing a CE Needs Analysis and Written Training Plan](#)
- ✓ [Compliance Advisory for Municipal Advisors](#)
- ✓ **Draft:** [FAQs Regarding Rule G-40 and the Use of Municipal Advisory Client Lists and Case Studies](#)
- ✓ **Coming Soon:** Draft Guidance on MSRB Rule G-40 Content Standards for Advertisements
- ✓ **Coming Soon:** Compliance Resource on Submitting Form G-37

## Dealer Compliance Resources

- ✓ [Resource on Disclosing Mark-ups and Determining Prevailing Market Price](#)
- ✓ [Updated FAQs on Confirmation Disclosure and Prevailing Market Price](#)
- ✓ [Investor Education Resources on New Mark-up Disclosure Requirements](#)
- ✓ [Regulatory Reminder on Existing Guidance on Filtering of Bids and Offers](#)
- ✓ [Retrospective Review of 2012 Interpretive Notice Concerning the Application of MSRB Rule G-17 to Underwriters of Municipal Securities](#)
- ✓ [Compliance Advisory for Brokers, Dealers and Municipal Securities Dealers](#)
- ✓ [Supervisory Responsibilities of Qualified Principals](#)
- ✓ **Coming Soon:** Draft Guidance on Last Look under MSRB Rule G-17
- ✓ **Coming Soon:** Draft Guidance on Pre-arranged Trading under MSRB Rule G-17

## Compliance Resources for All Regulated Entities

- ✓ [Checklist for Certain Organizational Changes by Regulated Entities](#)
- ✓ [Information on Exemptive Relief under MSRB Rule G-37](#)
- ✓ [Compliance Calendar](#)
- ✓ Email Reminder: Compliance Deadline for MSRB Rule G-10 on Investor and Municipal Advisory Client Education and Protection
- ✓ [Updated Resource List in Content Outlines for MSRB Professional Qualification Examinations](#)
- ✓ **Draft:** [FAQs Regarding Use of Social Media in Advertising](#)

## MuniEdPro® Courses

To further support understanding of MSRB rules, the MSRB this year added seven new rule-based courses to its suite of online learning courses, [MuniEdPro®](#). Courses are offered at subsidized rates for regulated entities, and the MSRB made its course on mark-up disclosure available at no cost during the implementation period of the new requirements.

- ✓ [Mark-up Disclosure and Prevailing Mark-up Price: MSRB Rules G-15 and G-30](#)
- ✓ [Best Execution of Transactions in Municipal Securities: Rule G-18](#)
- ✓ [Gifts, Gratuities, Non-Cash Compensation and Expenses of Issuance: MSRB Rule G-20](#)
- ✓ [Political Contributions and Prohibitions on Municipal Securities Business and Municipal Advisory Business: MSRB Rule G-37](#)

- ✓ [Uniform Practices and Close-Out Procedures: MSRB Rule G-12](#)
- ✓ [Supervisory and Compliance Obligations of Municipal Advisors: MSRB Rule G-44](#)
- ✓ [Municipal Advisor Recordkeeping: MSRB Rules G-8 and G-9](#)

## Revamping Communications and Outreach

The Compliance Advisory Group suggested a new email service to provide subscribers short, actionable "Compliance Tips of the Week." Today, nearly 1,800 subscribers receive weekly compliance tips in their inboxes. Topics include cybersecurity considerations, recordkeeping reminders and compliance calendar items. [Sign up to receive Compliance Tips of the Week.](#) Also new in 2017 was a [quarterly Compliance Corner newsletter](#), now disseminated to more than 7,000 recipients, that provides a forward-looking calendar of key compliance dates, a recap of the previous quarter's compliance resources, a brief summary of a relevant enforcement action and answers to a frequently asked compliance question, among other content.

To facilitate in-depth discussions about key provisions of MSRB rules, the MSRB launched in 2017 a [virtual compliance workshop series](#) in a dynamic question-and-answer format. Over the course of six workshops this year, approximately 1,700 participants have enhanced their knowledge about such topics as developing effective supervisory systems at small municipal advisor firms and understanding underwriters' obligations to make disclosures to issuers. The workshops are available [on-demand on the MSRB's website](#), and the MSRB publishes post-workshop summaries to ensure all stakeholders can benefit from the information discussed on the live webcast.

The MSRB also hosted two compliance-focused in-person outreach events: a mark-up implementation forum for dealers and a joint compliance outreach program for municipal advisors with fellow regulators that reached a combined 700 attendees.

## Supporting Compliance Examinations

Although the MSRB does not have enforcement authority, it is empowered by statute to provide guidance and assistance to examining authorities, which include the Securities and Exchange Commission (SEC), Financial Industry Regulatory Authority (FINRA) and applicable bank regulators. This year, the MSRB offered extensive training to examination staff, including access to the full catalog of MuniEdPro® courses for FINRA examiners. [Read about the MSRB's regulatory coordination and enforcement support.](#)

Further, the MSRB introduced a regular feature of the Compliance Corner newsletter to briefly summarize a recent enforcement matter brought by an examining authority. Enforcement matters can, when applicable, inform firms and help identify potential compliance risks.

### **Contact the MSRB**

The MSRB welcomes feedback from all stakeholders on how to continuously improve its approach to providing compliance support. Comments and suggestions may be sent to [compliance@msrb.org](mailto:compliance@msrb.org).