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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 19b-4

File No. * SR 2026 - * 04
Amendment No. (req. for Amendments *)

Filing by Municipal Securities Rulemaking Board

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial *	Amendment *	Withdrawal	Section 19(b)(2) *	Section 19(b)(3)(A) *	Section 19(b)(3)(B) *
☑	☐	☐	☑	☐	☐

Pilot ☐

Extension of Time Period for Commission Action * ☐

Date Expires *

Rule
- ☐ 19b-4(f)(1)
- ☐ 19b-4(f)(2)
- ☐ 19b-4(f)(3)
- ☐ 19b-4(f)(4)
- ☐ 19b-4(f)(5)
- ☐ 19b-4(f)(6)

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010

Section 806(e)(1) * ☐

Section 806(e)(2) * ☐

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 3C(b)(2) * ☐

Exhibit 2 Sent As Paper Document ☐

Exhibit 3 Sent As Paper Document ☐

Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

Proposed Rule Change to Amend MSRB Rule G-27 to Exclude Certain Public Finance Activities from Term "Structuring of Public Offerings or Private Placements," Extend the Length of the Exclusion for Non-Primary Residences from Municipal Branch Office Designation, and Make a Technical Update to the Rule's Title

Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * Bri
Last Name * Joiner
Title * Senior Director, Market Regulation
E-mail * bjoiner@msrb.org
Telephone * (202) 838-1500
Fax

Signature

Pursuant to the requirements of the Securities Exchange of 1934, Municipal Securities Rulemaking Board has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date 07/27/2026

By Ronald W. Smith
(Name *)

(Title *)
Corporate Secretary

NOTE: Clicking the signature block at right will initiate digitally signing the form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

rsmith@msrb.org
Digitally signed by rsmith@msrb.org
Date: 2026.07.27 10:13:55 -04'00'

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

Form 19b-4 Information * Add / Remove / View MSRB-2026-04 19b-4.docx	The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.
Exhibit 1 - Notice of Proposed Rule Change * Add / Remove / View MSRB-2026-04 Exhibit 1.docx	The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)
Exhibit 1A - Notice of Proposed Rule Change, Security-Based Swap Submission, or Advanced Notice by Clearing Agencies * Add / Remove / View	The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)
Exhibit 2- Notices, Written Comments, Transcripts, Other Communications Add / Remove / View MSRB-2026-04 Exhibit 2a.pdf MSRB-2026-04 Exhibit 2b.pdf MSRB-2026-04 Exhibit 2c.pdf	Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G. ☐ Exhibit Sent As Paper Document
Exhibit 3 - Form, Report, or Questionnaire Add / Remove / View	Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change. ☐ Exhibit Sent As Paper Document
Exhibit 4 - Marked Copies Add / Remove / View	The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.
Exhibit 5 - Proposed Rule Text Add / Remove / View MSRB-2026-04 Exhibit 5.docx	The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change
Partial Amendment Add / Remove / View	If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"),[1] and Rule 19b-4 thereunder,[2] the Municipal Securities Rulemaking Board (the "MSRB") is filing with the Securities and Exchange Commission (the "Commission") a proposed rule change to (i) exclude certain public finance activities from the term "structuring of public offerings or private placements" as used within MSRB Rule G-27, (ii) extend the length of the exclusion for non-primary residences from municipal branch office designation, and (iii) make a technical update to the title of MSRB Rule G-27, as described herein (the "proposed rule change").

If the Commission approves the proposed rule change, the MSRB will announce the operative date of the proposed rule change in a regulatory notice to be published on the MSRB website no later than 30 days following Commission approval. The compliance date would be no earlier than 90 days and no later than 180 days following Commission approval.

(a) The text of the proposed rule change is attached as Exhibit 5. The text proposed to be added is underlined, and text proposed to be deleted is enclosed in brackets.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The board of directors of the MSRB approved the proposed rule change at its April 29-30, 2026 and July 22-23, 2026, meetings. Questions concerning this filing may be directed to Bri Joiner, Senior Director, Market Regulation, or Justin Kramer, Senior Assistant Director, Market Regulation, at 202-838-1500.

3. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

(a) Purpose

As part of the MSRB's broad retrospective rule review,[3] the MSRB continues to evaluate ways to modernize its rules to reflect how brokers, dealers, and municipal securities dealers

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1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

3 The MSRB regularly engages in retrospective reviews of its rules and associated interpretive guidance with the goal of ensuring that they achieve their intended purposes and take into account the current state of the municipal securities market. See MSRB

(collectively, "dealers") operate today and will continue to evolve their businesses to operate in the future. Additionally, the MSRB recognizes that advancements in technology and compliance tools have enhanced dealers' ability to more effectively supervise the conduct of the municipal securities activities of the dealer and that of its associated persons in a decentralized environment due to hybrid work arrangements. The MSRB understands that certain surveillance and monitoring technology can provide a more real-time supervision of associated persons regardless of their physical location Thus, dealers have made strides in modernizing their workplace while also undertaking the necessity of putting proper safeguards in place to ensure compliance with MSRB rules and the applicable provisions of the Exchange Act and rules thereunder.

The proposed rule change is intended to provide greater flexibility to dealers and their associated persons with respect to hybrid work arrangements without modifying the office of municipal supervisory jurisdiction ("OMSJ") and municipal branch office definitions within MSRB Rule G-27(g)(i) and MSRB Rule G-27(g)(ii), respectively. These provisions were originally adopted to harmonize with the supervisory requirements for broker-dealer members of FINRA (formerly NASD) under applicable supervisory rules (then NASD Rules 3010 and 3012, now FINRA Rules 3110 and 3120).[4] In the context of harmonizing the prior version of MSRB Rule G-27 to parallel the overall supervisory obligations established by FINRA for its member firms, the MSRB stated that it intends generally that the provisions of Rule G-27 be read consistently with the analogous NASD provisions, unless the MSRB specifically indicates otherwise. Thus, relevant NASD interpretations would be presumed to apply to the comparable MSRB provision, subject to the MSRB's right to make distinctions when necessary and appropriate.[5] The MSRB highlights that this presumption with respect to MSRB Rule G-27 and interpretations of analogous FINRA provisions only applies where there are no material differences between such comparable provisions and that any material differences in MSRB Rule G-27 from the provisions of otherwise comparable FINRA supervisory requirements cannot be ignored.

The proposed rule change would extend an exemption from municipal branch office designation under MSRB Rule G-27(g)(ii)(A)(3) for non-primary residences from less than 30 business days per year to up to 90 business days per year providing broader latitude to dealers designing their remote or hybrid work policies. The proposed rule change would also provide clarity to dealers attempting to interpret and comply with MSRB Rule G-27(g)(i) by providing guidance on the meaning of the term "structuring of public offerings or private placements", also commonly referred to as public finance banking activities. More specifically, the proposed rule

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Rulebook Modernization webpage, available at https://www.msrb.org/Rulebook-Modernization.

4 See Exchange Act Release No. 55792 (May 22, 2007), 72 FR 29564 (May 29, 2007) (File No. SR-MSRB-2006-10) (the "2007 Supervisory Amendments").

5 Id., 72 FR at 29564. Currently, FINRA publishes guidance with respect to its supervisory requirements on its website at https://www.finra.org/rules-guidance/key-topics/supervision#guidance.

change describes the types of activities that would be included or excluded from the meaning of "structuring of public offerings or private placements" under MSRB Rule G-27. The MSRB notes it has never publicly defined the scope of the term "structuring of public offerings or private placements,"[6] which the MSRB understands has led to dealers designating some locations as an OMSJ out of an abundance of caution.[7] Thus, the MSRB believes defining the term would permit dealers to better evaluate such designations. Resultingly, a better understanding for the municipal securities market regarding how the term is interpreted would aid understanding of the required supervisory framework under MSRB Rule G-27. The proposed rule change would also make clarifying edits to the title of MSRB Rule G-27 to plainly state that the rule is applicable to brokers, dealers, and municipal securities dealers.

Background

MSRB Rule G-27(a), on obligation to supervise, requires each dealer to supervise the conduct of the municipal securities activities of the dealer and its associated persons to ensure compliance with MSRB rules, and the applicable provisions of the Exchange Act and rules thereunder. As such, MSRB Rule G-27(b)(iii) requires dealers to designate as an OMSJ any office at which any one or more of the enumerated activities under MSRB Rule G-27(g)(i) occurs at such office with respect to municipal securities. Locations that are not required to be designated as an OMSJ constitute either a municipal branch office or a non-branch location.[8]

Definition of Municipal Branch Office

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6 The MSRB notes that FINRA also has never defined the term "structuring of public offerings or private placements."

7 The MSRB reviewed some data derived from the Uniform Branch Office Registration Form (Form BR), which is a form that firms use to register branch offices and offices of supervisory jurisdiction ("OSJs") with FINRA and as required by the relevant state jurisdiction or other SROs. Form BR's Section 2 (Registration/Notice Filing/Type of Office/Activities) requires a firm to indicate whether a branch office is an OSJ. The MSRB notes that the designation of a branch office as an OMSJ, as defined under MSRB Rule G-27, is optional on Form BR, so while incomplete, the MSRB took note of the significant number of single-person OMSJs, which was useful in the MSRB's analysis of current designation practices.

8 FINRA similarly distinguishes among offices of supervisory jurisdiction and branch offices, which must be registered, and unregistered offices or non-branch locations in FINRA Rule 3110. See also Exchange Act Release No. 48897 (December 9, 2003), 68 FR 70059, 70061 (December 16, 2003) (File No. SR-NASD-2003-104) (Notice of Filing of Proposed Rule Change and Amendment Nos. 1 and 2 Related to Proposed New Uniform Definition of "Branch Office" Under NASD Rule 3010(g)(2)) (the "2003 FINRA Notice of Filing").

Rule G-27(g)(ii)(A) defines a municipal branch office as any location where one or more associated persons of a dealer regularly conducts the business of effecting any transactions in, or inducing or attempting to induce the purchase or sale of any municipal security, or is held out as such, with certain exceptions.[9] The MSRB has not defined the phrase "regularly conducts" for purposes of MSRB Rule G-27(g)(ii)(A), on municipal branch office, but instead, has provided a measure of flexibility for dealers to define and interpret how the phrase "regularly conducts" fits within their respective business models, and what frequency would constitute regularly working from a particular location for purposes of MSRB Rule G-27(g)(ii)(A)'s definition of municipal branch office.[10] The exceptions from municipal branch office designation pursuant to MSRB Rule G-27(g)(ii) are applicable to locations that would not otherwise trigger designation as an OMSJ under the conditions outlined in MSRB Rule G-27(g)(i),[11] as an OMSJ designation for a particular office would trump the exceptions under the rule. One such exception from the municipal branch office definition, listed in Rule G-27(g)(ii)(A)(3), is for any location, other than a primary residence, that is used for municipal securities activities for less than 30 business days in any one calendar year, provided the dealer complies with the provisions of MSRB Rule G-27(g)(ii)(A)(2)(a) through (h).[12] The MSRB also points out that conduct that rises to the level

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9 See MSRB Rule G-27(g)(ii)(A)(1)-(7).

10 FINRA has also publicly stated "[t]he term "regularly conducts" in Rule 3110(f)(2)(A) historically has not been a defined term under the uniform branch office definition. As such, there is no defined threshold level of "regular" that would make a location a "branch office" under Rule 3110(f)(2)(A)." See FINRA's Residential Supervisory Locations (RSLs) Frequently Asked Questions, Q.18 on meaning of "regularly conducts" under FINRA Rule 3110(f)(2), available at https://www.finra.org/rules-guidance/key-topics/residential-supervisory-locations#faqs.

11 See MSRB Rule G-27(g)(i).

12 MSRB Rule G-27(g)(ii)(A)(2)(a) through (h) requires, as conditions for meeting the exception from municipal branch office designation, that: (a) only one associated person, or multiple associated persons who reside at that location and are members of the same immediate family, conduct business at the location; (b) the location is not held out to the public as an office and the associated person does not meet with customers at the location; (c) neither customer funds nor securities are handled at that location; (d) the associated person is assigned to a designated municipal branch office, and such designated municipal branch office is reflected on all business cards, stationery, advertisements and other communications to the public by such associated person; (e) the associated person's correspondence and communications with the public are subject to the dealer's supervision in accordance with MSRB Rule G-27; (f) electronic communications (e.g., e-mail) are made through the dealer's electronic system; (g) all orders are entered through the designated municipal branch office or an electronic system established by the dealer that is reviewable at the municipal branch office; and (h) written supervisory procedures pertaining to supervision of sales activities conducted at the residence are maintained by the dealer.

of constituting regularly conducting the business of effecting transactions in municipal securities is conduct that could cause a primary residence to be designated as a municipal branch office.

Definition of Office of Municipal Supervisory Jurisdiction

Rule G-27(g)(i) defines the term OMSJ as any office of a dealer where one or more of the following functions take place:

(A) order execution and/or market making;

(B) structuring of public offerings or private placements;

(C) maintaining custody of customers' funds and/or municipal securities;

(D) final acceptance (approval) of new accounts on behalf of the dealer;

(E) review and endorsement of customer orders, pursuant to MSRB Rule G-27(c)(i)(G)(2);

(F) final approval of advertising for use by persons associated with the dealer, pursuant to MSRB Rule G-21(f); or

(G) responsibility for supervising the municipal securities activities of persons associated with the dealer at one or more other municipal branch offices of the dealer.

As aforementioned, the MSRB has never defined the phrase "structuring of public offerings or private placements" under MSRB Rule G-27(g)(i)(B). As such, it has been up to dealers to determine which public finance banking activities would fall under the umbrella of "structuring of public offerings or private placements," and would therefore be required to be conducted at an OMSJ, and which activities would not fall under the umbrella and could potentially be conducted at other location types.

There are additional compliance and regulatory obligations for locations classified as an OMSJ or a municipal branch office. MSRB Rule G-27(d)(i)(A) requires dealers to inspect every OMSJ and supervisory municipal branch office at least annually.[13] MSRB Rule G-27(d)(i)(B) requires every non-supervisory municipal branch office to be inspected at least every three

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13 Pursuant to MSRB Rule G-27(g)(ii)(B), notwithstanding the exclusions in MSRB Rule G-27(g)(ii)(A), any location that is responsible for supervising the municipal securities activities of persons associated with the dealer at one or more non-branch locations of the dealer is considered to be a municipal branch office. Moreover, this type of municipal branch office is known as a "supervisory municipal branch office." See, e.g., MSRB Rule G-27(d)(i)(B). See also FINRA Rule 3110 Describes Four Office Classifications available at: https://www.finra.org/rules-guidance/key-topics/residential-supervisory-locations/office-clasifications (the "FINRA Office Classification Guidance").

years.[14] MSRB Rule G-27(d)(i)(C) requires every non-branch location to be inspected on a regular periodic schedule.[15] Furthermore, an office that is designated as an OMSJ or a supervisory municipal branch office must have one or more appropriately registered principals on-site.[16] All municipal branch offices must have at least one or more appropriately registered representatives or principal.[17] The OMSJ and municipal branch office supervisory framework is currently harmonized with FINRA Rule 3110's definitions of an OSJ and branch office, respectively.[18] The proposed rule change is discussed in greater detail below.

Description of Proposed Rule Change

Extend the 30-Business Day Exclusion for Non-Primary Residences from Municipal Branch Office Designation

MSRB Rule G-27(g)(ii)(A)(3) currently allows for a non-primary residence where municipal securities business is conducted for less than 30 business days per calendar year to be excluded from municipal branch office designation, if the location meets the provisions of MSRB Rule G-27(g)(ii)(A)(2)(a) through (h), as described above.[19] The proposed rule change would increase this limit in MSRB Rule G-27(g)(ii)(A)(3) to up to 90 business days per calendar year without amending the conditions outlined in the rule.

The increase from less than 30 business days per calendar year to up to 90 business days per calendar year for an associated person to work from a non-primary residence without triggering municipal branch office designation would provide dealers greater latitude in permitting their associated persons to work at non-primary residential locations, such as a

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14 A non-supervisory municipal branch office would generally be deemed a location that is not charged with supervising the municipal securities activities of persons associated with the dealer. See generally FINRA Office Classification Guidance (distinguishing supervisory branch office and non-supervisory branch office locations).

15 While MSRB rules do not explicitly establish a specific timeframe for such regular periodic inspections, currently FINRA Rule 3110.13 sets out a general presumption that a non-branch location will be inspected at least every three years, even in the absence of any red flags, and if a FINRA-member dealer establishes a longer periodic inspection schedule, such member must document in its written supervisory and inspection procedures the factors used in determining that a longer periodic inspection cycle is appropriate. See FINRA Rule 3110.13.

16 See MSRB Rule G-27(b)(iv).

17 Id.

18 See FINRA Rule 3110(f)(1), defining office of supervisory jurisdiction, and FINRA Rule 3110(f)(2), defining branch office.

19 See supra note 12.

vacation home or the home of a partner or family member, or at another location. The MSRB believes that the proposed rule change would also provide dealers additional and reasonable flexibility in implementing hybrid work arrangements that acknowledge and account for advances in technology that could allow for effective remote supervision capabilities, while also appropriately limiting the municipal securities related work that could be done away from a municipal branch office. In addition to changing the annual business day limit from 30 to 90, the proposed rule change would also make minor technical edits to MSRB Rule G-27(g)(ii)(A)(3) to improve clarity of the rule by removing the term "less than" and adding the term "or fewer" into the text of the rule.

The MSRB notes that the current less than 30-business days per calendar year exclusion from municipal branch office designation for work performed at a non-primary residence, and the potential extension to up to 90 business days per calendar year under the proposed rule change, is an exclusion that would be allowed under MSRB Rule G-27. However, dealers would need to conduct their own risk analysis to determine if this type of remote work, and the 90-business day limit allowed under the proposed rule change, is appropriate for their business model, supervisory structure and overarching supervisory system.

Structuring of Public Offering or Private Placements

The proposed rule change would add proposed new Supplementary Material .06, on Exemption of Excluded Public Finance Activities from Office of Municipal Supervisory Jurisdiction and Municipal Branch Office Designation, and .07, on Definition of Excluded Public Finance Activities to MSRB Rule G-27. Proposed new Supplementary Material .06 of MSRB Rule G-27 would state that a location would not meet the definition of an OMSJ under MSRB Rule G-27(g)(i) if associated persons at such location engage in excluded public finance activities, so long as that location does not engage in any other activities that would require designation as an OMSJ. The proposed supplementary material would also expressly state that these excluded public finance activities would not be deemed to constitute "structuring of public offerings or private placements" within the meaning of OMSJ under MSRB Rule G-27(g)(i)(B). Furthermore, under proposed new Supplementary Material .06 of MSRB Rule G-27, a primary residence that otherwise meets the exception from municipal branch office designation under MSRB Rule G-27(g)(ii)(A)(2), and from which an associated person engages in excluded public finance activities, would be deemed a non-branch location, as long as the associated person does not engage in any other activities that would require designation of such location as an OMSJ, under MSRB Rule G-27(g)(i). Dealers would need to look carefully at the activities of their non-branch locations to ensure that they are not considered by MSRB Rule G-27 to be a municipal branch office. In addition, the proposed rule change would add a reference to new Supplementary Materials .06 and .07.

Proposed new Supplementary Material .07 of MSRB Rule G-27 would define the term excluded public finance activities as activities that are associated with the structuring of public offerings or private placements, including but not limited to, debt modeling, financial analysis, number running and the solicitation of issuers or obligated persons for the dealer's investment banking services in connection with municipal securities (e.g. public finance banking services). However, this does not include final approval of a public offering or private placement transaction (i.e., structuring) conducted by the dealer. Proposed new Supplementary Material .07 of MSRB Rule G-27 would also make clear that the activities described within the definition of excluded public finance activities are not an exhaustive list of excluded public finance activities, and other activities could fall within the definition if a dealer can demonstrate that such other activities do not include the final approval of a public offering or private placement transaction. The MSRB believes that activities such as preliminary data analysis and modeling, as well as running standard debt capacity or sensitivity analyses using established firm models controlled by senior personnel, which are much more specific than the broader enumerated list of excluded public finance activities, would be examples of activities that would be categorized as excluded public finance activities under proposed new Supplementary Material .07 of MSRB Rule G-27. The MSRB is intentionally leaving the definition of excluded public finance activities under proposed new Supplementary Material .07 as business model neutral, without listing an exhaustive list of activities that would qualify as excluded public finance activities, to account for the diversity in business models among dealers.

Proposed new Supplementary Material .07 of MSRB Rule G-27 would also expressly state that the final approval of a public offering or private placement transaction would be explicitly outside of the scope and definition of excluded public finance activities, since such final approval of a public offering or private placement transaction is deemed structuring for purposes of the OMSJ definition, pursuant to MSRB Rule G-27(g)(i). The MSRB recognizes that there are many individual supportive decisions made in the overall work to be done on a municipal securities public offering or private placement and, as a result, the MSRB is clarifying that it deems the final approval of a public offering or private placement transaction as constituting "structuring of public offerings or private placements." The MSRB notes that such final approval of a public offering or private placement transaction should be conducted by a person in a principal-level capacity.[20]

The MSRB believes that proposed new Supplementary Material .06 and .07 of MSRB Rule G-27 would not alter the definition of OMSJ, but rather, would clarify that certain activities performed by municipal securities professionals in furtherance of the "structuring of a public offering or private placements" do not constitute structuring and therefore do not rise to the level of activities that need to take place at an OMSJ. Furthermore, by clarifying that the MSRB deems structuring as the final approval of a public offering or private placement transaction, dealers are better equipped, given varying business models, to evaluate their specific business

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20 Pursuant to MSRB Rule G-2, on standards of professional qualification, no dealer shall effect any transaction in, or induce or attempt to induce the purchase or sale of, any municipal security, unless such dealer and every natural person associated with such dealer is qualified in accordance with the rules of the MSRB. MSRB Rule G-3(b)(i) defines a municipal securities principal as a person, associated with a dealer, who is directly engaged in the management, direction or supervision of, among other things, underwriting, trading or sales of municipal securities, and MSRB Rule G-3(b)(ii) requires such individuals that meet the definition of a municipal securities principal to be appropriately qualified by taking and passing the Municipal Securities Principal Qualification Examination.

model and make determinations as to where ultimate decision making and supervisory authority rest for purposes of designating such locations as an OMSJ.

The MSRB notes that the phrase "final approval of a public offering or private placement transaction" in proposed new Supplementary Material .07 would reference actions internal to the dealer relating to the decision to approve such transaction, the timing of which may vary depending on the specific transaction or the processes undertaken by a specific dealer. It is not the MSRB's intention for final approval to entail the act itself of executing a bond purchase agreement (which may occur at an issuer's location or at some other location away from the offices of the dealer) or submitting a bid in response to a notice of sale. Rather, this provision of the proposed rule change turns on dealers' actions that ultimately lead to the formality of executing the bond purchase agreement or submitting a bid. The MSRB notes that, while the proposed rule change takes a principles-based approach to the determination of what constitutes final approval of a public offering or private placement transaction, proposed new Supplementary Material .07 would require dealers to adopt compliance policies and procedures reasonably designed to make clear what action taken constitutes such final approval by the dealer. Proposed new Supplementary Material .07 would also require dealers to take into consideration all relevant factors in determining what action taken constitutes final approval of a public offering or private placement transaction to ensure dealers' supervisory systems are reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable MSRB rules. The proposed rule change also prescribes that such compliance policies and procedures should support evidencing compliance to the appropriate examining authority.

Regulatory Need

The MSRB acknowledges that extending the exclusion for municipal securities work performed at a non-primary residence from municipal branch office designation from less than 30 business days per calendar year to up to 90 business days per calendar year under MSRB Rule G-27(g)(ii)(A)(3) would result in a move away from harmonization with FINRA Rule 3110, which contains a similar exclusion from branch office registration for work performed at a non-primary residence for less than 30 business days per year.[21] The MSRB also recognizes that defining "structuring of public offerings or private placements," and resultingly potential changes in designations of office or locations may cause regulatory inconsistencies. Although harmonization allows dealers who are also FINRA members to more easily comply with the requirements under both rule sets regarding office classification and designation, it has been the MSRB's longstanding position that it would weigh rule harmonization in the context of the uniqueness of the municipal securities market.

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21 FINRA Rule 3110(f)(2)(A)(iii) contains an exception from branch office registration for any location, other than a primary residence, that is used for securities business for less than 30 business days in any one calendar year, provided certain conditions proscribed by FINRA Rule 3110 are met.

The MSRB highlights that there are an estimated 50,000 issuers (and other issuing authorities) that rely on municipal bonds to fund local projects, which provide essential services to local communities.[22] In the last five years, the MSRB estimates that 22,000 issuers engaged in a public offering or private placement transaction. In addition, there are approximately one million unique municipal bonds outstanding, whereas by comparison the corporate bond market has about 6,600 different issuers and 60,000 unique bonds outstanding.[23] Given the broad geographical dispersion of municipal issuers across the entirety of the country in all 50 states, the District of Columbia, and U.S. territories in which offerings of municipal securities are conducted according to state and local laws and regional practices that vary considerably, it can be uniquely challenging for dealers in this market, as compared to other securities markets, to effectively engage with prospective issuer clients and service existing issuer clients.[24] It is the MSRB's understanding that many dealers may choose a business model that segments their issuer coverage by region to offer more tailored and more easily accessible service to such issuer clients. In addition, the MSRB estimates that a large segment of the issuer community is not geographically positioned in close proximity to larger metropolitan areas where financial services firms have historically operated the bulk of their activities. Resultingly, many dealers choose to have public finance bankers operate in a much more geographically dispersed manner as compared to other segments of their securities activities so as to meet the needs of their issuer clients in a more effective manner in light of the realities of the municipal securities market. Often, these geographically dispersed public finance bankers must operate under current MSRB Rule G-27 as a single-person OMSJ, meeting all of the requirements under MSRB Rule G-27 arising from being an OMSJ. The MSRB believes that the proposed rule change would support the competitiveness of the municipal securities market and would provide greater workplace flexibility while maintaining appropriate supervisory requirements for the activities conducted in the manner described above.

Rule Title Clarification

The proposed rule change would change the title of MSRB Rule G-27 from "Supervision" to "Supervisory and Compliance Obligations of Brokers, Dealers and Municipal Securities Dealers." This non-substantive, technical change would clarify that MSRB Rule G-27 is applicable to dealers only, as well as standardize the title with MSRB Rule G-44, on Supervisory and Compliance Obligations of Municipal Advisors.

(b) Statutory Basis

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22 See MSRB's 2026 Municipal Market Factsheet, January 2026, available at: https://www.msrb.org/sites/default/files/2022-09/MSRB-Muni-Facts.pdf.

23 The MSRB used the Bloomberg Terminal to analyze and aggregate the data on the size of the corporate bond market and unique outstanding bonds.

24 The MSRB notes that, based on Form A-12 filings, only 177 of the 926 MSRB-registered dealers identify municipal debt underwriting as a business activity.

The MSRB believes that the proposed rule change is consistent with Section 15B(b)(2) of the Exchange Act,[25] which provides that the MSRB shall propose and adopt rules to effect the purposes of the Exchange Act with respect to, among other matters, transactions in municipal securities effected by dealers. Section 15B(b)(2)(C) of the Exchange Act[26] provides that the MSRB's rules shall be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in municipal securities and municipal financial products, to remove impediments to and perfect the mechanism of a free and open market in municipal securities and municipal financial products, and, in general, to protect investors, municipal entities, obligated persons, and the public interest.

The MSRB believes the proposed rule change is consistent with Section 15B(b)(2)(C) of the Exchange Act[27] because the proposed rule change would promote just and equitable principles of trade by interpreting and clarifying the meaning behind the term structuring of public offerings or private placements by way of excluding certain activities from the definition. The MSRB believes that clear guidance as to what work functions are included within the meaning of the term "structuring" for the municipal securities market would facilitate dealers' understanding and implementation of sound compliance policies and procedures when applying the principles of MSRB Rule G-27 to each dealer's business model. Furthermore, while differing from FINRA, the proposed rule change's definition of excluded public finance activities would remove impediments from a free and open market in municipal securities and municipal financial products. By clarifying the phrase, "structuring of public offerings or private placements," that has not been defined by the MSRB and has been interpreted inconsistently by the dealer community, dealers are able to lessen resources spent on such compliance matters and focus on the functional work that facilitate a free and open market in municipal securities and municipal financial products.

In addition, the proposed rule change would remove an impediment to a free and open market by providing flexibility to firms implementing their hybrid work models. The MSRB believes that allowing the additional flexibility of working remote from a non-primary residence for up to 90 business days per calendar year, and clarifying that excluded public finance activities can generally be conducted at a primary residence if the applicable conditions are met, in both cases without triggering municipal branch office designation would remove an impediment to dealers and their municipal securities professionals by allowing dealers more flexibility to craft their hybrid work models that reflect their own individual risk factors and technological capabilities. Furthermore, the MSRB does not believe that any changes to MSRB Rule G-27 under the proposed rule change would cause harm to investors, issuers, obligated persons or the public interest.

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[25] 15.U.S.C. 78o-4(b)(2).

[26] 15 U.S.C. 78o-4(b)(2)(C).

[27] Id.

4. Self-Regulatory Organization's Statement on Burden on Competition

Section 15B(b)(2)(C) of the Exchange Act[28] requires that MSRB rules not be designed to impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act. The MSRB has considered the economic impact of the proposed rule change and believes that it would not impose any burden on competition, as the proposed rule change to MSRB Rule G-27 on dealer supervision would clarify the meaning of "structuring of public offerings or private placements" and increase the 30-business day per calendar year exclusion from the municipal branch office designation for locations that are not a primary residence to 90-business days per calendar year. The MSRB believes that the proposed rule change would provide reasonable flexibility for public finance activities without compromising the need for investor and issuer protection. In addition, the proposed rule change would be applicable to all dealers. Therefore, the MSRB believes the proposed rule change would not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act.[29]

In determining whether the proposed rule change is necessary and appropriate, the MSRB was guided by the MSRB's Policy on the Use of Economic Analysis in MSRB Rulemaking.[30] In accordance with this policy, the MSRB evaluated the potential impacts of the proposed rule change relative to the baseline, which is the current MSRB Rule G-27. The proposed rule change to MSRB Rule G-27 is intended to foster greater flexibility for municipal market professionals in two separate ways. First, the proposed rule change seeks to outline, in proposed new Supplementary Material .07, a non-exhaustive list of excluded activities from the "structuring of public offerings or private placements" by drawing a distinction between the function of final approval of a public offering or private placement transaction from the functional work that supports the structuring of such a transaction and exclude these supporting activities from the definition of "structuring of public offerings or private placements." Under the proposed rule change, these excluded public finance activities would not be required to be conducted at an OMSJ or, if conducted at a primary residence and the applicable conditions are met, at a municipal branch office. Second, the proposed rule change is intended to create flexibility for municipal market professionals by extending the exclusion for locations, other than a primary residence, that are used for municipal securities activities from less than 30 business days per

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28 Id.

29 Id.

30 See The MSRB's Policy on the Use of Economic Analysis in MSRB Rulemaking, available at https://www.msrb.org/Policy-Use-Economic-Analysis-MSRB-Rulemaking. In evaluating whether there was any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act, the MSRB was guided by its principles that required the MSRB to consider costs and benefits of a rule change, its impact on efficiency, capital formation and competition, and the main reasonable alternative regulatory approaches.

calendar year to up to 90 business days per calendar year from municipal branch office designation.

Benefits

The MSRB believes that dealers would benefit from proposed new Supplementary Material .06 and .07 of MSRB Rule G-27 regarding public finance activities that are excluded from the definition of OMSJ. At present, any location with one or more persons engaging in activities that consist of structuring of public offerings or private placements should be classified by the dealer under MSRB Rule G-27(g)(i) as an OMSJ, and as a result, these locations must comply with MSRB Rule G-27's accompanying regulatory and compliance requirements for OMSJs. These requirements include the presence of an on-site supervisor qualified as a municipal securities principal and the annual inspection of the location.[31] The proposed rule change identifies a non-exhaustive list of excluded public finance activities that support the overall structuring process but would not necessarily need to be conducted from a location designated as an OMSJ. More specifically, performing these activities at a given location would not, by itself, qualify the office or location as an OMSJ if no other activities occurring at such location would necessitate OMSJ designation. Further, the proposed rule change would provide that performing such excluded public finance activities at an associated person's primary residence, if all other applicable conditions are met, would not necessitate municipal branch office designation. The MSRB expects that dealers would benefit from the proposed rule change with a reduction in expenses related to inspecting, licensing and supervising at OMSJs without harming issuer and investor protection.

In addition, the proposed rule change's extended 90-business day per calendar year exclusion from municipal branch office designation for locations, other than a primary residence, that are used for municipal securities activities would provide dealers' associated persons additional and reasonable flexibility to work from locations that are not their primary residence, such as a vacation or second home, without triggering a municipal branch office designation. The MSRB believes the extension would lessen the compliance burden for firms tracking the location of their employees by extending the number of days they are allowed to work at these locations each calendar year, without materially reducing the protections for investors and issuers given the widespread adoption of a culture of hybrid work environments, which the MSRB believes would help in recruiting and maintaining valuable personnel.

Costs[32]

The MSRB acknowledges that dealers would likely incur some higher compliance costs due to the proposed rule change, relative to the baseline state (current state). Dealers would be expected to incur one-time, upfront costs related to assessing the functions of OMSJs for

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31 See MSRB Rule G-27(b)(iv) and MSRB Rule G-27(d)(i)(A).

32 Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided.

purposes of re-designation, as applicable, and revising policies and procedures along with ongoing compliance costs with the proposed rule change. Table 1 shows that firms would incur one-time upfront costs of approximately $3,446. This includes the costs associated with compliance personnel evaluating all current OMSJs and making a determination on whether certain locations should be re-designated based on functional work ($393 X 2 hours = $786) updating existing written supervisory procedures (WSPs) along with a review by an inhouse compliance counsel ($463 X 1 hour = $463) and outside legal counsel ($630 X 1 hour = $630) and the approvals conducted by the director of compliance ($610 X 1 hour = $610) and the chief compliance officer ($693 X 0.5 hours = $347).[33] The MSRB also estimates one hour of training and education conducted by the director of compliance ($610 X 1 hour = $610). In addition to the upfront costs, the MSRB also identified one area of incremental ongoing costs for a total of approximately $2,440 for the purpose of ensuring compliance, especially in light of different requirements between FINRA's Rule 3110 and MSRB's Rule G-27, which includes dealers undertaking a review of the policies on an annual basis to be conducted by the director of compliance ($610 X 4 hours = $2,440). On aggregate, the MSRB believes the upfront and ongoing costs are minor. The MSRB notes, while dealers would have initial upfront costs and may face higher ongoing compliance costs, brought on by having diverging regulatory requirements, the MSRB notes that the proposed rule change does not remove any of the current designations that are available under the baseline. Thus, the MSRB expects that dealers will assess and re-designate locations, as applicable, only if doing so is beneficial to their operations — recognizing that the cost of complying with the proposed rule change would presumably be a factor in dealers' decision-making process.[34]

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[33] The total cost to update policies and procedures is estimated as $2,836 ($786 + $463 + $630 + $610 + $347 = $2,836).

[34] The MSRB believes that dealers may find that some existing OMSJs become unnecessary in light of the proposed rule change, and thereby, are able to reduce their expenses attendant to those locations, including FINRA branch office registration fees.

Table 1. Upfront and Partial Ongoing Costs for Dealers[35]

Cost Components	Hourly Rate	Number of Hours	Cost per Firm
Upfront Costs			
a) Revision of Policies and Procedures			
Compliance Manager	$ 393	2	$ 786
In-House Compliance Counsel	$ 463	1	$ 463
Outside Legal Counsel	$ 630	1	$ 630
Director of Compliance	$ 610	1	$ 610
Chief Compliance Officer (CCO)	$ 693	0.5	$ 347
			$ 2,836
b) Training and Education			
Director of Compliance	$ 610	1	$ 610
			$ 610
Total Upfront Costs			**$ 3,446**
Ongoing Costs			
a) Compliance Review			
Director of Compliance	$ 610	4	$ 2,440
Total Ongoing Costs			**$ 2,440**

It is the MSRB's belief that investors and issuers would not realize any material reduction in protections from the proposed rule change as the proposed 90-business days per calendar year exclusion would account for approximately one-third (35%) of the total business days in a year and the majority of municipal securities activities would be conducted at a municipal branch

35 The hourly rates data is gathered from a previous Commission filing. See Exchange Act Release No. 94062 (January 26, 2022), 87 FR 15496, 15624 (March 18, 2022) (File No. S7–02–22). The Commission's economic analysis utilizes the Securities Industry and Financial Markets Association, Management & Professional Earnings in the Securities Industry—2013 Report for the hourly rates of various financial industry market professionals. To compensate for inflation, the data reflects the fourth quarter of 2025 hourly rate level after adjusting for the annual cumulative wage inflation rate of 47% between 2013 and 2025. See The Federal Reserve Bank of St. Louis Employment Cost Index: Wages and Salaries: Private Industry Workers, available at https://fred.stlouisfed.org/series/ECIWAG. The MSRB estimates the number of hours for each task based on the MSRB's consultation with regulated entities' compliance officers for a median-sized firm.

office location.[36] In addition, the final approval of a public offering or private placement transaction would continue to take place at OMSJs and all activities in the structuring process would continue to be subject to the same fair practice and supervisory obligations established under MSRB rules. In summary, the MSRB anticipates that the benefits, as described above, would outweigh the costs over time.

Effect on Competition, Efficiency, and Capital Formation

The MSRB believes that the proposed rule change would not impose a burden on competition nor hinder capital formation, as the changes are applicable to all dealers. The proposed rule change could improve the municipal securities market's operational efficiency and promote regulatory certainty by providing dealers with greater flexibility in achieving the regulatory obligations outlined in MSRB Rule G-27. At present, the MSRB is unable to quantitatively evaluate the magnitude of the efficiency gains or losses but believes the benefits of greater flexibility and a reduction in certain compliance burdens, including expenses related to annual office inspection requirements and the on-site principal requirement for OMSJs, if dealers choose to re-designate locations, are accumulated over time for all dealers and would outweigh the one-time upfront costs of revising policies and procedures as well as the incremental ongoing compliance and recordkeeping costs by dealers.

Reasonable Regulatory Alternatives

The MSRB has identified several reasonable alternatives for the proposed rule change that were first presented in the request for comment.[37]

One alternative contemplated was to remove the activity of "structuring of public offerings or private placements" from MSRB Rule G-27(g)(i)'s definition of OMSJ. This alternative would reduce instances of designating a location as an OMSJ, as well as the burden associated with such designation because "structuring of public offerings or private placements" would no longer prompt a designation. This would further decrease compliance burdens associated with assigning an on-site supervisor qualified as a municipal securities principal, as well as remove the need to conduct an annual inspection of that location by the dealer. While this alternative calls for the removal of "structuring of public offerings or private placements" from MSRB Rule G-27(g)(i)'s definition of OMSJ, dealers may still be required to designate such locations as an OSJ under FINRA Rule 3110, which does not contain a similar provision excluding certain public finance activities from the definition of OSJ, and could lead to an increase in burdens and challenges due to inconsistencies in regulatory approach in complying with MSRB and FINRA rules. Additionally, there are interdependencies upon which the current office and location framework rests, for example, state security regulators utilize data collected

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36 The number of business days, as percentages, as used in this alternative assumes 250 business days per year.

37 See MSRB Notice 2026-01, Request for Comment on MSRB Rule G-27 on Dealer Supervision (January 14, 2026), at 12-13, available at https://www.msrb.org/sites/default/files/2026-01/2026-01.pdf.

by FINRA on OSJ and voluntary OMSJ designations. The result would be a patchwork of supervisory regulation that may introduce additional compliance burdens for dealers. For this reason, the MSRB believes the proposed rule change is superior to this alternative, although the MSRB believes that this alternative could be reconsidered in the future if, for example, other regulators were to revisit, in a holistic manner, the office designation requirements in their respective regulatory frameworks.

Another alternative the MSRB considered was to explicitly provide for a fully principle-based approach to defining the term "structuring of public offerings or private placements." MSRB Rule G-27 does not currently differentiate between the various public finance activities that may be performed as part of the "structuring of public offerings or private placements." A fully principles-based approach would allow dealers to make their own determination, with significantly less regulatory guidance, of what structuring means to each individual dealer, and subsequently which locations would require OMSJ designation. However, this alternative approach may introduce additional regulatory uncertainty into dealer supervision. A dealer may require all public finance activities to occur at an OMSJ out of an abundance of caution, which would not reduce any compliance burden. By comparison, the approach taken by the proposed rule change would provide a framework that would allow greater certainty for dealers regarding those activities that may constitute structuring and those that may be excluded. The proposed rule change would also maintain some degree of flexibility in determining whether any activities not explicitly outlined in the proposed rule change are best treated in one category or another, depending on a dealer's specific business model, practices and processes. It is for this reason that the MSRB determined this alternative is inferior to the proposed rule change.

Finally, an alternative to extending the 30-business day per calendar year exclusion from municipal branch office designation to 90-business days per calendar year for non-primary residences, would be to extend the 30-business day per calendar year exclusion to 120 business days per calendar year, or approximately 48% of the total business days in a year.[38] As noted above, the 90-business days per calendar year exclusion in the proposed rule change would account for approximately 35% of the total business days in a year. This alternative of 120 business days per calendar year would provide even more flexibility for associated persons and further reduce the burdens associated with designation of municipal branch offices, and accompanying office inspection requirements. However, the MSRB believes that approaching the threshold of one half of all business days of remote work from such locations without triggering municipal branch office designation for such locations could, under the current supervisory rule paradigm, incrementally raise risks to investor and issuer protection and could be inconsistent with the rule's intended use for such locations on a temporary basis, since these remote working locations are subject to a less stringent dealer inspection requirement than municipal branch offices. Therefore, the MSRB believes the proposed rule change offers a superior approach to this alternative.

5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

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[38] See supra note 36.

The MSRB sought comment on the proposed rule change in a request for comment that was published on January 14, 2026 (the "Request for Comment").[39] The MSRB received 4 letters in response to the Request for Comment.[40] In addition to the proposed rule change, the Request for Comment sought comment on additional areas of MSRB Rule G-27 that the MSRB should consider amending through future rulemaking efforts. The four comment letters are summarized below as they pertain to the proposed rule change, with MSRB responses provided.[41]

Extend the 30-Business Day Exclusion for Non-Primary Residences from Municipal Branch Office Designation

The Request for Comment solicited comments on draft rule text that would extend MSRB Rule G-27(g)(ii)(A)(3)'s exclusion from municipal branch office designation for non-primary residences from less than 30 business days per calendar year to up to 60 business days per calendar year. Comment letters were generally in favor of the Request for Comment's proposed extension from 30 to 60 business days per calendar year. ASA stated that the proposed extension would better align with hybrid work patterns and ease administrative tracking of occasional remote work.[42] SIFMA encouraged the MSRB to adopt the increase to the 30-business day exclusion from municipal branch office designation for locations other than a primary residence to 60-business days per year.[43]

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39 See MSRB Notice 2026-01, Request for Comment on MSRB Rule G-27 on Dealer Supervision (January 14, 2026), available at https://www.msrb.org/sites/default/files/2026-01/2026-01.pdf.

40 Comment letters were received from: American Securities Association ("ASA"): Letter from Jessica R. Giroux, Chief Legal Officer, dated March 16, 2026 (the "ASA Letter"); Bond Dealers of America ("BDA"): Letter from Michael Decker, Senior Vice President, Research and Public Policy, dated March 16, 2026 (the "BDA Letter"); Peg Henry LLC: Letter from Margaret C. (Peg) Henry, Sole Member, dated March 6, 2026 (the "Henry Letter"); and Securities Industry and Financial Markets Association ("SIFMA"): Letter from Leslie M. Norwood, Managing Director and Associate General Counsel, Head of Municipal Securities, dated March 16, 2026 (the "SIFMA Letter"). Comment letters are available at: https://www.msrb.org/sites/default/files/2026-03/All-Comments-to-Notice-2026-01.pdf.

41 The MSRB will continue to consider separately the comments received on additional areas of MSRB Rule G-27 that the MSRB should potentially amend through future rulemaking efforts.

42 See ASA Letter at 2.

43 See SIFMA Letter at 4.

However, certain comment letters advocated for the MSRB to further extend MSRB Rule G-27(g)(ii)(A)(3)'s exclusion past the proposed 60 business days per calendar year limit in the proposed rule change. SIFMA suggested that the MSRB consider a 120 business day per year exclusion.[44] ASA encouraged the MSRB to consider additional flexibility tied to supervisory risk rather than fixed day counts, and to explicitly recognize that firms may rely on centralized electronic surveillance to manage remote work.[45] BDA suggested that the MSRB remove the distinction between primary residences or other locations and that the MSRB specify that employees subject to supervision can work and be supervised remotely for up to 60 business days per year regardless whether those days are spent at a primary residence or other location.[46]

The MSRB appreciates the views expressed in the comment letters requesting additional flexibility than provided for in the Request for Comment's proposal to extend the 30-business days per calendar exclusion from municipal branch office designation for non-primary residences to 60 business days per calendar year. The MSRB recognizes that providing 90 business days per calendar year would remain consistent with the objectives of the proposed rule change without reducing investor and issuer protections, as the proposed 90-business days per calendar year exclusion would only account for approximately one-third (35%) of the total 250 business days typically in a year – thus the majority of municipal securities activities would still be conducted at a municipal branch office location. As such, the proposed rule change would extend the exclusion from municipal branch office designation for non-primary residences to 90 business days per calendar year. The MSRB believes that an extension up to 90 business days per calendar year will provide the industry with additional and reasoned flexibility, while also maintaining an appropriate limit for registered persons to work from a non-primary residence location without triggering municipal branch office designation. The MSRB believes that an extension to the municipal branch office designation exclusion past 90 business days per calendar year at a particular location would no longer qualify such location as a temporary location (i.e., as occasional work from a non-primary residence location) and instead could be considered regularly engaged in conduct under MSRB Rule G-27(g)(ii)(A)'s definition of municipal branch office. In addition, the MSRB will consider the suggestions to remove the distinctions among various types of offices and locations (including with respect to the treatment of primary residences), or the reliance on a centralized supervision model, at a later date.

Structuring of Public Offering or Private Placements

The Request for Comment solicited comments on potentially excluding certain public finance activities from MSRB Rule G-27(g)(i)'s definition of OMSJ by way of adding new supplementary material explaining the scope of excluded public finance activities that would not qualify as "structuring of public offerings or private placements" and would therefore not trigger OMSJ designation.

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[44] Id.

[45] See ASA Letter at 2.

[46] See BDA Letter at 3.

The comment letters were generally in favor of this draft amended rule text. ASA stated that they support the clarification of "structuring of public offerings or private placements" in the definition of an OMSJ and that clarification would reduce uncertainty about which public finance activities trigger OMSJ designation.[47] SIFMA stated that the proposed rule change is a significant and positive development which creates necessary added clarity and recognizes that some public finance activities commonly occur at a client site, while traveling, or otherwise away from an OMSJ.[48]

BDA pointed out that its member firms have interpreted the meaning of "structuring of public offerings or private placements" differently, and the confusion has led to a lack of consistency in how dealers are complying with the rule.[49] As a result, BDA welcomed the MSRB's proposed rule change to provide clarity and consistency and urged the MSRB to provide as much flexibility as possible around the specifics each firm might identify as their own process for final approval within the proposed rule change.[50]

Comment letters in support of the proposed rule change also provided suggestions as to how to amend the draft language of the definition of excluded public finance activities. SIFMA proposed removing references to bespoke recommendations, commitment of dealer capital or other formal action with respect to a public offering or private placement conducted by the dealer from proposed language in the Request for Comment's definition of excluded public finance activities.[51] SIFMA further stated that its members believe that the final approval of a transaction by the broker-dealer is what should be considered structuring.[52] BDA stated that it is important that the proposed rule change allow firms to define a single, clear moment or event that meets the criteria for structuring and not lead to a misinterpretation that multiple events within a transaction would trigger OMSJ registration.[53] The MSRB removed language referencing bespoke recommendations from the definition of excluded public finance activities in the Request for Comments in response to the comments received. As a result, the MSRB believes that the proposed rule change is business model neutral and acknowledges that dealers may have different business practices pertaining to the "structuring of public offerings or private placements."

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[47] See ASA Letter at 1.

[48] See SIFMA Letter at 4.

[49] See BDA Letter at 2.

[50] Id.

[51] See SIFMA Letter at 4-5.

[52] See SIFMA Letter at 6.

[53] See BDA Letter at 2-3.

One comment letter questioned whether the proposed rule change would allow a municipal securities principal to supervise excluded public finance activities from a private residence but may not engage in structuring from that residence.[54] The comment letter went on to question whether the municipal securities principal would therefore need to go to a dealer's office to sign a bond purchase agreement, and argued that there is no supervisory benefit to be gained by requiring a bond purchase agreement to be signed in the office of a dealer as opposed to a primary residence.[55]

As aforementioned, the final approval of a public offering or private placement transaction, as used in proposed new Supplementary Material .07, would reference actions internal to the dealer relating to the decision to approve such transaction. The timing of such decisive action may vary depending on the specific transaction or the processes undertaken by a specific dealer and may, for example, coincide with pricing and re-pricing, as necessary, in an effort to get to verbal award. As the MSRB previously noted, the physical act of signing a bond purchase agreement (i.e., formal award) is distinct from the meaning of "final approval" as used within the proposed rule change and for purposes of this rule. Therefore, final approval would not include the mere formality of executing a bond purchase agreement. Proposed new Supplementary Material .07 would require dealers to adopt compliance policies and procedures reasonably designed to make clear what action taken would constitute final approval of a public offering or private placement transaction conducted by the dealer. Proposed new Supplementary Material .07, would also require dealers to take into consideration all relevant factors in determining what action taken constitutes final approval of a public offering or private placement transaction to ensure dealers' supervisory systems are reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable Board rules.

6. Extension of Time Period for Commission Action

The MSRB does not consent at this time to an extension of the time period for Commission action specified in Section 19(b)(2) of the Exchange Act.[56]

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2) or Section 19(b)(7)(D)

Not applicable.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

Not applicable.

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54 See Henry Letter at 1.

55 See Henry Letter at 1-2.

56 15.U.S.C. 78s(b)(2).

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Exchange Act

Not applicable.

10. Advance Notice Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervisions Act

Not applicable.

11. Exhibits

Exhibit 1	Completed Notice of Proposed Rule Change for Publication in the Federal Register
Exhibit 2a	MSRB Notice 2026-01 (January 14, 2026)
Exhibit 2b	List of Comments Received in Response to MSRB Notice 2026-01
Exhibit 2c	Comments Received in Response to MSRB Notice 2026-01
Exhibit 5	Text of Proposed Rule Change

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-___________; File No. SR-MSRB-2026-04)
Self-Regulatory Organizations; Municipal Securities Rulemaking Board; Notice of Filing of a Proposed Rule Change to Amend MSRB Rule G-27 to Exclude Certain Public Finance Activities from Term "Structuring of Public Offerings or Private Placements," Extend the Length of the Exclusion for Non-Primary Residences from Municipal Branch Office Designation, and Make a Technical Update to the Rule's Title

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act" or "Exchange Act")[1] and Rule 19b-4 thereunder,[2] notice is hereby given that on   the Municipal Securities Rulemaking Board ("MSRB" or "Board") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the MSRB. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The MSRB filed with the Commission a proposed rule change to (i) exclude certain public finance activities from the term "structuring of public offerings or private placements" as used within MSRB Rule G-27, (ii) extend the length of the exclusion for non-primary residences from municipal branch office designation, and (iii) make a technical update to the title of MSRB Rule G-27, as described herein (the "proposed rule change").

If the Commission approves the proposed rule change, the MSRB will announce the operative date of the proposed rule change in a regulatory notice to be published on the MSRB

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1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

website no later than 30 days following Commission approval. The compliance date would be no earlier than 90 days and no later than 180 days following Commission approval.

The text of the proposed rule change is available on the MSRB's website at https://msrb.org/2026-SEC-Filings and at the MSRB's principal office.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the MSRB included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The MSRB has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

As part of the MSRB's broad retrospective rule review,[3] the MSRB continues to evaluate ways to modernize its rules to reflect how brokers, dealers, and municipal securities dealers (collectively, "dealers") operate today and will continue to evolve their businesses to operate in the future. Additionally, the MSRB recognizes that advancements in technology and compliance tools have enhanced dealers' ability to more effectively supervise the conduct of the municipal securities activities of the dealer and that of its associated persons in a decentralized environment

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[3] The MSRB regularly engages in retrospective reviews of its rules and associated interpretive guidance with the goal of ensuring that they achieve their intended purposes and take into account the current state of the municipal securities market. See MSRB Rulebook Modernization webpage, available at https://www.msrb.org/Rulebook-Modernization.

due to hybrid work arrangements. The MSRB understands that certain surveillance and monitoring technology can provide a more real-time supervision of associated persons regardless of their physical location Thus, dealers have made strides in modernizing their workplace while also undertaking the necessity of putting proper safeguards in place to ensure compliance with MSRB rules and the applicable provisions of the Exchange Act and rules thereunder.

The proposed rule change is intended to provide greater flexibility to dealers and their associated persons with respect to hybrid work arrangements without modifying the office of municipal supervisory jurisdiction ("OMSJ") and municipal branch office definitions within MSRB Rule G-27(g)(i) and MSRB Rule G-27(g)(ii), respectively. These provisions were originally adopted to harmonize with the supervisory requirements for broker-dealer members of FINRA (formerly NASD) under applicable supervisory rules (then NASD Rules 3010 and 3012, now FINRA Rules 3110 and 3120).[4] In the context of harmonizing the prior version of MSRB Rule G-27 to parallel the overall supervisory obligations established by FINRA for its member firms, the MSRB stated that it intends generally that the provisions of Rule G-27 be read consistently with the analogous NASD provisions, unless the MSRB specifically indicates otherwise. Thus, relevant NASD interpretations would be presumed to apply to the comparable MSRB provision, subject to the MSRB's right to make distinctions when necessary and appropriate.[5] The MSRB highlights that this presumption with respect to MSRB Rule G-27 and interpretations of analogous FINRA provisions only applies where there are no material

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4 See Exchange Act Release No. 55792 (May 22, 2007), 72 FR 29564 (May 29, 2007) (File No. SR-MSRB-2006-10) (the "2007 Supervisory Amendments").

5 Id., 72 FR at 29564. Currently, FINRA publishes guidance with respect to its supervisory requirements on its website at https://www.finra.org/rules-guidance/key-topics/supervision#guidance.

differences between such comparable provisions and that any material differences in MSRB Rule G-27 from the provisions of otherwise comparable FINRA supervisory requirements cannot be ignored.

The proposed rule change would extend an exemption from municipal branch office designation under MSRB Rule G-27(g)(ii)(A)(3) for non-primary residences from less than 30 business days per year to up to 90 business days per year providing broader latitude to dealers designing their remote or hybrid work policies. The proposed rule change would also provide clarity to dealers attempting to interpret and comply with MSRB Rule G-27(g)(i) by providing guidance on the meaning of the term "structuring of public offerings or private placements", also commonly referred to as public finance banking activities. More specifically, the proposed rule change describes the types of activities that would be included or excluded from the meaning of "structuring of public offerings or private placements" under MSRB Rule G-27. The MSRB notes it has never publicly defined the scope of the term "structuring of public offerings or private placements,"[6] which the MSRB understands has led to dealers designating some locations as an OMSJ out of an abundance of caution.[7] Thus, the MSRB believes defining the term would permit dealers to better evaluate such designations. Resultingly, a better

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6 The MSRB notes that FINRA also has never defined the term "structuring of public offerings or private placements."

7 The MSRB reviewed some data derived from the Uniform Branch Office Registration Form (Form BR), which is a form that firms use to register branch offices and offices of supervisory jurisdiction ("OSJs") with FINRA and as required by the relevant state jurisdiction or other SROs. Form BR's Section 2 (Registration/Notice Filing/Type of Office/Activities) requires a firm to indicate whether a branch office is an OSJ. The MSRB notes that the designation of a branch office as an OMSJ, as defined under MSRB Rule G-27, is optional on Form BR, so while incomplete, the MSRB took note of the significant number of single-person OMSJ's, which was useful in the MSRB's analysis of current designation practices.

understanding for the municipal securities market regarding how the term is interpreted would aid understanding of the required supervisory framework under MSRB Rule G-27. The proposed rule change would also make clarifying edits to the title of MSRB Rule G-27 to plainly state that the rule is applicable to brokers, dealers, and municipal securities dealers.

Background

MSRB Rule G-27(a), on obligation to supervise, requires each dealer to supervise the conduct of the municipal securities activities of the dealer and its associated persons to ensure compliance with MSRB rules, and the applicable provisions of the Exchange Act and rules thereunder. As such, MSRB Rule G-27(b)(iii) requires dealers to designate as an OMSJ any office at which any one or more of the enumerated activities under MSRB Rule G-27(g)(i) occurs at such office with respect to municipal securities. Locations that are not required to be designated as an OMSJ constitute either a municipal branch office or a non-branch location.[8]

Definition of Municipal Branch Office

Rule G-27(g)(ii)(A) defines a municipal branch office as any location where one or more associated persons of a dealer regularly conducts the business of effecting any transactions in, or inducing or attempting to induce the purchase or sale of any municipal security, or is held out as such, with certain exceptions.[9] The MSRB has not defined the phrase "regularly conducts" for

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8 FINRA similarly distinguishes among offices of supervisory jurisdiction and branch offices, which must be registered, and unregistered offices or non-branch locations in FINRA Rule 3110. See also Exchange Act Release No. 48897 (December 9, 2003), 68 FR 70059, 70061 (December 16, 2003) (File No. SR-NASD-2003-104) (Notice of Filing of Proposed Rule Change and Amendment Nos. 1 and 2 Related to Proposed New Uniform Definition of "Branch Office" Under NASD Rule 3010(g)(2)) (the "2003 FINRA Notice of Filing").

9 See MSRB Rule G-27(g)(ii)(A)(1)-(7).

purposes of MSRB Rule G-27(g)(ii)(A), on municipal branch office, but instead, has provided a measure of flexibility for dealers to define and interpret how the phrase "regularly conducts" fits within their respective business models, and what frequency would constitute regularly working from a particular location for purposes of MSRB Rule G-27(g)(ii)(A)'s definition of municipal branch office.[10] The exceptions from municipal branch office designation pursuant to MSRB Rule G-27(g)(ii) are applicable to locations that would not otherwise trigger designation as an OMSJ under the conditions outlined in MSRB Rule G-27(g)(i),[11] as an OMSJ designation for a particular office would trump the exceptions under the rule. One such exception from the municipal branch office definition, listed in Rule G-27(g)(ii)(A)(3), is for any location, other than a primary residence, that is used for municipal securities activities for less than 30 business days in any one calendar year, provided the dealer complies with the provisions of MSRB Rule G-27(g)(ii)(A)(2)(a) through (h).[12] The MSRB also points out that conduct that rises to the level

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[10] FINRA has also publicly stated "[t]he term "regularly conducts" in Rule 3110(f)(2)(A) historically has not been a defined term under the uniform branch office definition. As such, there is no defined threshold level of "regular" that would make a location a "branch office" under Rule 3110(f)(2)(A)." See FINRA's Residential Supervisory Locations (RSLs) Frequently Asked Questions, Q.18 on meaning of "regularly conducts" under FINRA Rule 3110(f)(2), available at https://www.finra.org/rules-guidance/key-topics/residential-supervisory-locations#faqs.

[11] See MSRB Rule G-27(g)(i).

[12] MSRB Rule G-27(g)(ii)(A)(2)(a) through (h) requires, as conditions for meeting the exception from municipal branch office designation, that: (a) only one associated person, or multiple associated persons who reside at that location and are members of the same immediate family, conduct business at the location; (b) the location is not held out to the public as an office and the associated person does not meet with customers at the location; (c) neither customer funds nor securities are handled at that location; (d) the associated person is assigned to a designated municipal branch office, and such designated municipal branch office is reflected on all business cards, stationery, advertisements and other communications to the public by such associated person; (e) the associated person's correspondence and communications with the public are subject to the dealer's supervision in accordance with MSRB Rule G-27; (f) electronic communications

of constituting regularly conducting the business of effecting transactions in municipal securities is conduct that could cause a primary residence to be designated as a municipal branch office.

Definition of Office of Municipal Supervisory Jurisdiction

Rule G-27(g)(i) defines the term OMSJ as any office of a dealer where one or more of the following functions take place:

(A) order execution and/or market making;

(B) structuring of public offerings or private placements;

(C) maintaining custody of customers' funds and/or municipal securities;

(D) final acceptance (approval) of new accounts on behalf of the dealer;

(E) review and endorsement of customer orders, pursuant to MSRB Rule G-27(c)(i)(G)(2);

(F) final approval of advertising for use by persons associated with the dealer, pursuant to MSRB Rule G-21(f); or

(G) responsibility for supervising the municipal securities activities of persons associated with the dealer at one or more other municipal branch offices of the dealer.

As aforementioned, the MSRB has never defined the phrase "structuring of public offerings or private placements" under MSRB Rule G-27(g)(i)(B). As such, it has been up to dealers to determine which public finance banking activities would fall under the umbrella of "structuring of public offerings or private placements," and would therefore be required to be

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(e.g., e-mail) are made through the dealer's electronic system; (g) all orders are entered through the designated municipal branch office or an electronic system established by the dealer that is reviewable at the municipal branch office; and (h) written supervisory procedures pertaining to supervision of sales activities conducted at the residence are maintained by the dealer.

conducted at an OMSJ, and which activities would not fall under the umbrella and could potentially be conducted at other location types.

There are additional compliance and regulatory obligations for locations classified as an OMSJ or a municipal branch office. MSRB Rule G-27(d)(i)(A) requires dealers to inspect every OMSJ and supervisory municipal branch office at least annually.[13] MSRB Rule G-27(d)(i)(B) requires every non-supervisory municipal branch office to be inspected at least every three years.[14] MSRB Rule G-27(d)(i)(C) requires every non-branch location to be inspected on a regular periodic schedule.[15] Furthermore, an office that is designated as an OMSJ or a supervisory municipal branch office must have one or more appropriately registered principals on-site.[16] All municipal branch offices must have at least one or more appropriately registered

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13 Pursuant to MSRB Rule G-27(g)(ii)(B), notwithstanding the exclusions in MSRB Rule G-27(g)(ii)(A), any location that is responsible for supervising the municipal securities activities of persons associated with the dealer at one or more non-branch locations of the dealer is considered to be a municipal branch office. Moreover, this type of municipal branch office is known as a "supervisory municipal branch office." See, e.g., MSRB Rule G-27(d)(i)(B). See also FINRA Rule 3110 Describes Four Office Classifications available at: https://www.finra.org/rules-guidance/key-topics/residential-supervisory-locations/office-clasifications (the "FINRA Office Classification Guidance").

14 A non-supervisory municipal branch office would generally be deemed a location that is not charged with supervising the municipal securities activities of persons associated with the dealer. See generally FINRA Office Classification Guidance (distinguishing supervisory branch office and non-supervisory branch office locations).

15 While MSRB rules do not explicitly establish a specific timeframe for such regular periodic inspections, currently FINRA Rule 3110.13 sets out a general presumption that a non-branch location will be inspected at least every three years, even in the absence of any red flags, and if a FINRA-member dealer establishes a longer periodic inspection schedule, such member must document in its written supervisory and inspection procedures the factors used in determining that a longer periodic inspection cycle is appropriate. See FINRA Rule 3110.13.

16 See MSRB Rule G-27(b)(iv).

representatives or principal.[17] The OMSJ and municipal branch office supervisory framework is currently harmonized with FINRA Rule 3110's definitions of an OSJ and branch office, respectively.[18] The proposed rule change is discussed in greater detail below.

Description of Proposed Rule Change

Extend the 30-Business Day Exclusion for Non-Primary Residences from Municipal Branch Office Designation

MSRB Rule G-27(g)(ii)(A)(3) currently allows for a non-primary residence where municipal securities business is conducted for less than 30 business days per calendar year to be excluded from municipal branch office designation, if the location meets the provisions of MSRB Rule G-27(g)(ii)(A)(2)(a) through (h), as described above.[19] The proposed rule change would increase this limit in MSRB Rule G-27(g)(ii)(A)(3) to up to 90 business days per calendar year without amending the conditions outlined in the rule.

The increase from less than 30 business days per calendar year to up to 90 business days per calendar year for an associated person to work from a non-primary residence without triggering municipal branch office designation would provide dealers greater latitude in permitting their associated persons to work at non-primary residential locations, such as a vacation home or the home of a partner or family member, or at another location. The MSRB believes that the proposed rule change would also provide dealers additional and reasonable flexibility in implementing hybrid work arrangements that acknowledge and account for

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17 Id.

18 See FINRA Rule 3110(f)(1), defining office of supervisory jurisdiction, and FINRA Rule 3110(f)(2), defining branch office.

19 See supra note 12.

advances in technology that could allow for effective remote supervision capabilities, while also appropriately limiting the municipal securities related work that could be done away from a municipal branch office. In addition to changing the annual business day limit from 30 to 90, the proposed rule change would also make minor technical edits to MSRB Rule G-27(g)(ii)(A)(3) to improve clarity of the rule by removing the term "less than" and adding the term "or fewer" into the text of the rule.

The MSRB notes that the current less than 30-business days per calendar year exclusion from municipal branch office designation for work performed at a non-primary residence, and the potential extension to up to 90 business days per calendar year under the proposed rule change, is an exclusion that would be allowed under MSRB Rule G-27. However, dealers would need to conduct their own risk analysis to determine if this type of remote work, and the 90-business day limit allowed under the proposed rule change, is appropriate for their business model, supervisory structure and overarching supervisory system.

Structuring of Public Offering or Private Placements

The proposed rule change would add proposed new Supplementary Material .06, on Exemption of Excluded Public Finance Activities from Office of Municipal Supervisory Jurisdiction and Municipal Branch Office Designation, and .07, on Definition of Excluded Public Finance Activities to MSRB Rule G-27. Proposed new Supplementary Material .06 of MSRB Rule G-27 would state that a location would not meet the definition of an OMSJ under MSRB Rule G-27(g)(i) if associated persons at such location engage in excluded public finance activities, so long as that location does not engage in any other activities that would require designation as an OMSJ. The proposed supplementary material would also expressly state that these excluded public finance activities would not be deemed to constitute "structuring of public offerings or private placements" within the meaning of OMSJ under MSRB Rule G-27(g)(i)(B). Furthermore, under proposed new Supplementary Material .06 of MSRB Rule G-27, a primary residence that otherwise meets the exception from municipal branch office designation under MSRB Rule G-27(g)(ii)(A)(2), and from which an associated person engages in excluded public finance activities, would be deemed a non-branch location, as long as the associated person does not engage in any other activities that would require designation of such location as an OMSJ, under MSRB Rule G-27(g)(i). Dealers would need to look carefully at the activities of their non-branch locations to ensure that they are not considered by MSRB Rule G-27 to be a municipal branch office. In addition, the proposed rule change would add a reference to new Supplementary Materials .06 and .07.

Proposed new Supplementary Material .07 of MSRB Rule G-27 would define the term excluded public finance activities as activities that are associated with the structuring of public offerings or private placements, including but not limited to, debt modeling, financial analysis, number running and the solicitation of issuers or obligated persons for the dealer's investment banking services in connection with municipal securities (e.g. public finance banking services). However, this does not include final approval of a public offering or private placement transaction (i.e., structuring) conducted by the dealer. Proposed new Supplementary Material .07 of MSRB Rule G-27 would also make clear that the activities described within the definition of excluded public finance activities are not an exhaustive list of excluded public finance activities, and other activities could fall within the definition if a dealer can demonstrate that such other activities do not include the final approval of a public offering or private placement transaction. The MSRB believes that activities such as preliminary data analysis and modeling, as well as running standard debt capacity or sensitivity analyses using established firm models controlled by senior personnel, which are much more specific than the broader enumerated list of excluded public finance activities, would be examples of activities that would be categorized as excluded public finance activities under proposed new Supplementary Material .07 of MSRB Rule G-27. The MSRB is intentionally leaving the definition of excluded public finance activities under proposed new Supplementary Material .07 as business model neutral, without listing an exhaustive list of activities that would qualify as excluded public finance activities, to account for the diversity in business models among dealers.

Proposed new Supplementary Material .07 of MSRB Rule G-27 would also expressly state that the final approval of a public offering or private placement transaction would be explicitly outside of the scope and definition of excluded public finance activities, since such final approval of a public offering or private placement transaction is deemed structuring for purposes of the OMSJ definition, pursuant to MSRB Rule G-27(g)(i). The MSRB recognizes that there are many individual supportive decisions made in the overall work to be done on a municipal securities public offering or private placement and, as a result, the MSRB is clarifying that it deems the final approval of a public offering or private placement transaction as constituting "structuring of public offerings or private placements." The MSRB notes that such final approval of a public offering or private placement transaction should be conducted by a person in a principal-level capacity.[20]

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[20] Pursuant to MSRB Rule G-2, on standards of professional qualification, no dealer shall effect any transaction in, or induce or attempt to induce the purchase or sale of, any municipal security, unless such dealer and every natural person associated with such dealer is qualified in accordance with the rules of the MSRB. MSRB Rule G-3(b)(i) defines a municipal securities principal as a person, associated with a dealer, who is directly engaged in the management, direction or supervision of, among other things, underwriting, trading or sales of municipal securities, and MSRB Rule G-3(b)(ii) requires such individuals that meet the definition of a municipal securities principal to be

The MSRB believes that proposed new Supplementary Material .06 and .07 of MSRB Rule G-27 would not alter the definition of OMSJ, but rather, would clarify that certain activities performed by municipal securities professionals in furtherance of the "structuring of a public offering or private placements" do not constitute structuring and therefore do not rise to the level of activities that need to take place at an OMSJ. Furthermore, by clarifying that the MSRB deems structuring as the final approval of a public offering or private placement transaction, dealers are better equipped, given varying business models, to evaluate their specific business model and make determinations as to where ultimate decision making and supervisory authority rest for purposes of designating such locations as an OMSJ.

The MSRB notes that the phrase "final approval of a public offering or private placement transaction" in proposed new Supplementary Material .07 would reference actions internal to the dealer relating to the decision to approve such transaction, the timing of which may vary depending on the specific transaction or the processes undertaken by a specific dealer. It is not the MSRB's intention for final approval to entail the act itself of executing a bond purchase agreement (which may occur at an issuer's location or at some other location away from the offices of the dealer) or submitting a bid in response to a notice of sale. Rather, this provision of the proposed rule change turns on dealers' actions that ultimately leads to the formality of executing the bond purchase agreement or submitting a bid. The MSRB notes that, while the proposed rule change takes a principles-based approach to the determination of what constitutes final approval of a public offering or private placement transaction, proposed new Supplementary Material .07 would require dealers to adopt compliance policies and procedures

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appropriately qualified by taking and passing the Municipal Securities Principal Qualification Examination.

reasonably designed to make clear what action taken constitutes such final approval by the dealer. Proposed new Supplementary Material .07 would also require dealers to take into consideration all relevant factors in determining what action taken constitutes final approval of a public offering or private placement transaction to ensure dealers' supervisory systems are reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable MSRB rules. The proposed rule change also prescribes that such compliance policies and procedures should support evidencing compliance to the appropriate examining authority.

Regulatory Need

The MSRB acknowledges that extending the exclusion for municipal securities work performed at a non-primary residence from municipal branch office designation from less than 30 business days per calendar year to up to 90 business days per calendar year under MSRB Rule G-27(g)(ii)(A)(3) would result in a move away from harmonization with FINRA Rule 3110, which contains a similar exclusion from branch office registration for work performed at a non-primary residence for less than 30 business days per year.[21] The MSRB also recognizes that defining "structuring of public offerings or private placements," and resultingly potential changes in designations of office or locations may cause regulatory inconsistencies. Although harmonization allows dealers who are also FINRA members to more easily comply with the requirements under both rule sets regarding office classification and designation, it has been the

[21] FINRA Rule 3110(f)(2)(A)(iii) contains an exception from branch office registration for any location, other than a primary residence, that is used for securities business for less than 30 business days in any one calendar year, provided certain conditions proscribed by FINRA Rule 3110 are met.

MSRB's longstanding position that it would weigh rule harmonization in the context of the uniqueness of the municipal securities market.

The MSRB highlights that there are an estimated 50,000 issuers (and other issuing authorities) that rely on municipal bonds to fund local projects, which provide essential services to local communities.[22] In the last five years, the MSRB estimates that 22,000 issuers engaged in a public offering or private placement transaction. In addition, there are approximately one million unique municipal bonds outstanding, whereas by comparison the corporate bond market has about 6,600 different issuers and 60,000 unique bonds outstanding.[23] Given the broad geographical dispersion of municipal issuers across the entirety of the country in all 50 states, the District of Columbia, and U.S. territories in which offerings of municipal securities are conducted according to state and local laws and regional practices that vary considerably, it can be uniquely challenging for dealers in this market, as compared to other securities markets, to effectively engage with prospective issuer clients and service existing issuer clients.[24] It is the MSRB's understanding that many dealers may choose a business model that segments their issuer coverage by region to offer more tailored and more easily accessible service to such issuer clients. In addition, the MSRB estimates that a large segment of the issuer community is not geographically positioned in close proximity to larger metropolitan areas where financial services firms have historically operated the bulk of their activities. Resultingly, many dealers

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22 See MSRB's 2026 Municipal Market Factsheet, January 2026, available at: https://www.msrb.org/sites/default/files/2022-09/MSRB-Muni-Facts.pdf.

23 The MSRB used the Bloomberg Terminal to analyze and aggregate the data on the size of the corporate bond market and unique outstanding bonds.

24 The MSRB notes that, based on Form A-12 filings, only 177 of the 926 MSRB-registered dealers identify municipal debt underwriting as a business activity.

choose to have public finance bankers operate in a much more geographically dispersed manner as compared to other segments of their securities activities so as to meet the needs of their issuer clients in a more effective manner in light of the realities of the municipal securities market. Often, these geographically dispersed public finance bankers must operate under current MSRB Rule G-27 as a single-person OMSJ, meeting all of the requirements under MSRB Rule G-27 arising from being an OMSJ. The MSRB believes that the proposed rule change would support the competitiveness of the municipal securities market and would provide greater workplace flexibility while maintaining appropriate supervisory requirements for the activities conducted in the manner described above.

Rule Title Clarification

The proposed rule change would change the title of MSRB Rule G-27 from "Supervision" to "Supervisory and Compliance Obligations of Brokers, Dealers and Municipal Securities Dealers." This non-substantive, technical change would clarify that MSRB Rule G-27 is applicable to dealers only, as well as standardize the title with MSRB Rule G-44, on Supervisory and Compliance Obligations of Municipal Advisors.

2. Statutory Basis

The MSRB believes that the proposed rule change is consistent with Section 15B(b)(2) of the Exchange Act,[25] which provides that the MSRB shall propose and adopt rules to effect the purposes of the Exchange Act with respect to, among other matters, transactions in municipal securities effected by dealers. Section 15B(b)(2)(C) of the Exchange Act[26] provides that the

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[25] 15.U.S.C. 78o-4(b)(2).

[26] 15 U.S.C. 78o-4(b)(2)(C).

MSRB's rules shall be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in municipal securities and municipal financial products, to remove impediments to and perfect the mechanism of a free and open market in municipal securities and municipal financial products, and, in general, to protect investors, municipal entities, obligated persons, and the public interest.

The MSRB believes the proposed rule change is consistent with Section 15B(b)(2)(C) of the Exchange Act[27] because the proposed rule change would promote just and equitable principles of trade by interpreting and clarifying the meaning behind the term structuring of public offerings or private placements by way of excluding certain activities from the definition. The MSRB believes that clear guidance as to what work functions are included within the meaning of the term "structuring" for the municipal securities market would facilitate dealers' understanding and implementation of sound compliance policies and procedures when applying the principles of MSRB Rule G-27 to each dealer's business model. Furthermore, while differing from FINRA, the proposed rule change's definition of excluded public finance activities would remove impediments from a free and open market in municipal securities and municipal financial products. By clarifying the phrase, "structuring of public offerings or private placements," that has not been defined by the MSRB and has been interpreted inconsistently by the dealer community, dealers are able to lessen resources spent on such compliance matters and focus on the functional work that facilitate a free and open market in municipal securities and municipal financial products.

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[27] Id.

In addition, the proposed rule change would remove an impediment to a free and open market by providing flexibility to firms implementing their hybrid work models. The MSRB believes that allowing the additional flexibility of working remote from a non-primary residence for up to 90 business days per calendar year, and clarifying that excluded public finance activities can generally be conducted at a primary residence if the applicable conditions are met, in both cases without triggering municipal branch office designation would remove an impediment to dealers and their municipal securities professionals by allowing dealers more flexibility to craft their hybrid work models that reflect their own individual risk factors and technological capabilities. Furthermore, the MSRB does not believe that any changes to MSRB Rule G-27 under the proposed rule change would cause harm to investors, issuers, obligated persons or the public interest.

B. Self-Regulatory Organization's Statement on Burden on Competition

Section 15B(b)(2)(C) of the Exchange Act[28] requires that MSRB rules not be designed to impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act. The MSRB has considered the economic impact of the proposed rule change and believes that it would not impose any burden on competition, as the proposed rule change to MSRB Rule G-27 on dealer supervision would clarify the meaning of "structuring of public offerings or private placements" and increase the 30-business day per calendar year exclusion from the municipal branch office designation for locations that are not a primary residence to 90-business days per calendar year. The MSRB believes that the proposed rule change would provide reasonable flexibility for public finance activities without compromising

[28] Id.

the need for investor and issuer protection. In addition, the proposed rule change would be applicable to all dealers. Therefore, the MSRB believes the proposed rule change would not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act.[29]

In determining whether the proposed rule change is necessary and appropriate, the MSRB was guided by the MSRB's Policy on the Use of Economic Analysis in MSRB Rulemaking.[30] In accordance with this policy, the MSRB evaluated the potential impacts of the proposed rule change relative to the baseline, which is the current MSRB Rule G-27. The proposed rule change to MSRB Rule G-27 is intended to foster greater flexibility for municipal market professionals in two separate ways. First, the proposed rule change seeks to outline, in proposed new Supplementary Material .07, a non-exhaustive list of excluded activities from the "structuring of public offerings or private placements" by drawing a distinction between the function of final approval of a public offering or private placement transaction from the functional work that supports the structuring of such a transaction and exclude these supporting activities from the definition of "structuring of public offerings or private placements." Under the proposed rule change, these excluded public finance activities would not be required to be conducted at an OMSJ or, if conducted at a primary residence and the applicable conditions are met, at a

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29 Id.

30 See The MSRB's Policy on the Use of Economic Analysis in MSRB Rulemaking, available at https://www.msrb.org/Policy-Use-Economic-Analysis-MSRB-Rulemaking. In evaluating whether there was any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act, the MSRB was guided by its principles that required the MSRB to consider costs and benefits of a rule change, its impact on efficiency, capital formation and competition, and the main reasonable alternative regulatory approaches.

municipal branch office. Second, the proposed rule change is intended to create flexibility for municipal market professionals by extending the exclusion for locations, other than a primary residence, that are used for municipal securities activities from less than 30 business days per calendar year to up to 90 business days per calendar year from municipal branch office designation.

Benefits

The MSRB believes that dealers would benefit from proposed new Supplementary Material .06 and .07 of MSRB Rule G-27 regarding public finance activities that are excluded from the definition of OMSJ. At present, any location with one or more persons engaging in activities that consist of structuring of public offerings or private placements should be classified by the dealer under MSRB Rule G-27(g)(i) as an OMSJ, and as a result, these locations must comply with MSRB Rule G-27's accompanying regulatory and compliance requirements for OMSJs. These requirements include the presence of an on-site supervisor qualified as a municipal securities principal and the annual inspection of the location.[31] The proposed rule change identifies a non-exhaustive list of excluded public finance activities that support the overall structuring process but would not necessarily need to be conducted from a location designated as an OMSJ. More specifically, performing these activities at a given location would not, by itself, qualify the office or location as an OMSJ if no other activities occurring at such location would necessitate OMSJ designation. Further, the proposed rule change would provide that performing such excluded public finance activities at an associated person's primary residence, if all other applicable conditions are met, would not necessitate municipal branch

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[31] See MSRB Rule G-27(b)(iv) and MSRB Rule G-27(d)(i)(A).

office designation. The MSRB expects that dealers would benefit from the proposed rule change with a reduction in expenses related to inspecting, licensing and supervising at OMSJs without harming issuer and investor protection.

In addition, the proposed rule change's extended 90-business day per calendar year exclusion from municipal branch office designation for locations, other than a primary residence, that are used for municipal securities activities would provide dealers' associated persons additional and reasonable flexibility to work from locations that are not their primary residence, such as a vacation or second home, without triggering a municipal branch office designation. The MSRB believes the extension would lessen the compliance burden for firms tracking the location of their employees by extending the number of days they are allowed to work at these locations each calendar year, without materially reducing the protections for investors and issuers given the widespread adoption of a culture of hybrid work environments, which the MSRB believes would help in recruiting and maintaining valuable personnel.

Costs[32]

The MSRB acknowledges that dealers would likely incur some higher compliance costs due to the proposed rule change, relative to the baseline state (current state). Dealers would be expected to incur one-time, upfront costs related to assessing the functions of OMSJs for purposes of re-designation, as applicable, and revising policies and procedures along with ongoing compliance costs with the proposed rule change. Table 1 shows that firms would incur one-time upfront costs of approximately $3,446. This includes the costs associated with compliance personnel evaluating all current OMSJs and making a determination on whether

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[32] Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided.

certain locations should be re-designated based on functional work ($393 X 2 hours = $786) updating existing written supervisory procedures (WSPs) along with a review by an inhouse compliance counsel ($463 X 1 hour = $463) and outside legal counsel ($630 X 1 hour = $630) and the approvals conducted by the director of compliance ($610 X 1 hour = $610) and the chief compliance officer ($693 X 0.5 hours = $347).[33] The MSRB also estimates one hour of training and education conducted by the director of compliance ($610 X 1 hour = $610). In addition to the upfront costs, the MSRB also identified one area of incremental ongoing costs for a total of approximately $2,440 for the purpose of ensuring compliance, especially in light of different requirements between FINRA's Rule 3110 and MSRB's Rule G-27, which includes dealers undertaking a review of the policies on an annual basis to be conducted by the director of compliance ($610 X 4 hours = $2,440). On aggregate, the MSRB believes the upfront and ongoing costs are minor. The MSRB notes, while dealers would have initial upfront costs and may face higher ongoing compliance costs, brought on by having diverging regulatory requirements, the MSRB notes that the proposed rule change does not remove any of the current designations that are available under the baseline. Thus, the MSRB expects that dealers will assess and re-designate locations, as applicable, only if doing so is beneficial to their operations — recognizing that the cost of complying with the proposed rule change would presumably be a factor in dealers' decision-making process.[34]

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33 The total cost to update policies and procedures is estimated as $2,836 ($786 + $463 + $630 + $610 + $347 = $2,836).

34 The MSRB believes that dealers may find that some existing OMSJs become unnecessary in light of the proposed rule change, and thereby, are able to reduce their expenses attendant to those locations, including FINRA branch office registration fees.

Table 1. Upfront and Partial Ongoing Costs for Dealers[35]

Cost Components	Hourly Rate	Number of Hours	Cost per Firm
Upfront Costs			
a) Revision of Policies and Procedures			
Compliance Manager	$ 393	2	$ 786
In-House Compliance Counsel	$ 463	1	$ 463
Outside Legal Counsel	$ 630	1	$ 630
Director of Compliance	$ 610	1	$ 610
Chief Compliance Officer (CCO)	$ 693	0.5	$ 347
			$ 2,836
b) Training and Education			
Director of Compliance	$ 610	1	$ 610
			$ 610
Total Upfront Costs			**$ 3,446**
Ongoing Costs			
a) Compliance Review			
Director of Compliance	$ 610	4	$ 2,440
Total Ongoing Costs			**$ 2,440**

It is the MSRB's belief that investors and issuers would not realize any material reduction in protections from the proposed rule change as the proposed 90-business days per calendar year

35 The hourly rates data is gathered from a previous Commission filing. See Exchange Act Release No. 94062 (January 26, 2022), 87 FR 15496, 15624 (March 18, 2022) (File No. S7–02–22). The Commission's economic analysis utilizes the Securities Industry and Financial Markets Association, Management & Professional Earnings in the Securities Industry—2013 Report for the hourly rates of various financial industry market professionals. To compensate for inflation, the data reflects the fourth quarter of 2025 hourly rate level after adjusting for the annual cumulative wage inflation rate of 47% between 2013 and 2025. See The Federal Reserve Bank of St. Louis Employment Cost Index: Wages and Salaries: Private Industry Workers, available at https://fred.stlouisfed.org/series/ECIWAG. The MSRB estimates the number of hours for each task based on the MSRB's consultation with regulated entities' compliance officers for a median-sized firm.

exclusion would account for approximately one-third (35%) of the total business days in a year and the majority of municipal securities activities would be conducted at a municipal branch office location.[36] In addition, the final approval of a public offering or private placement transaction would continue to take place at OMSJs and all activities in the structuring process would continue to be subject to the same fair practice and supervisory obligations established under MSRB rules. In summary, the MSRB anticipates that the benefits, as described above, would outweigh the costs over time.

Effect on Competition, Efficiency, and Capital Formation

The MSRB believes that the proposed rule change would not impose a burden on competition nor hinder capital formation, as the changes are applicable to all dealers. The proposed rule change could improve the municipal securities market's operational efficiency and promote regulatory certainty by providing dealers with greater flexibility in achieving the regulatory obligations outlined in MSRB Rule G-27. At present, the MSRB is unable to quantitatively evaluate the magnitude of the efficiency gains or losses but believes the benefits of greater flexibility and a reduction in certain compliance burdens, including expenses related to annual office inspection requirements and the on-site principal requirement for OMSJs, if dealers choose to re-designate locations, are accumulated over time for all dealers and would outweigh the one-time upfront costs of revising policies and procedures as well as the incremental ongoing compliance and recordkeeping costs by dealers.

Reasonable Regulatory Alternatives

[36] The number of business days, as percentages, as used in this alternative assumes 250 business days per year.

The MSRB has identified several reasonable alternatives for the proposed rule change that were first presented in the request for comment.[37]

One alternative contemplated was to remove the activity of "structuring of public offerings or private placements" from MSRB Rule G-27(g)(i)'s definition of OMSJ. This alternative would reduce instances of designating a location as an OMSJ, as well as the burden associated with such designation because "structuring of public offerings or private placements" would no longer prompt a designation. This would further decrease compliance burdens associated with assigning an on-site supervisor qualified as a municipal securities principal, as well as remove the need to conduct an annual inspection of that location by the dealer. While this alternative calls for the removal of "structuring of public offerings or private placements" from MSRB Rule G-27(g)(i)'s definition of OMSJ, dealers may still be required to designate such locations as an OSJ under FINRA Rule 3110, which does not contain a similar provision excluding certain public finance activities from the definition of OSJ, and could lead to an increase in burdens and challenges due to inconsistencies in regulatory approach in complying with MSRB and FINRA rules. Additionally, there are interdependencies upon which the current office and location framework rests, for example, state security regulators utilize data collected by FINRA on OSJ and voluntary OMSJ designations. The result would be a patchwork of supervisory regulation that may introduce additional compliance burdens for dealers. For this reason, the MSRB believes the proposed rule change is superior to this alternative, although the MSRB believes that this alternative could be reconsidered in the future if, for example, other

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[37] See MSRB Notice 2026-01, Request for Comment on MSRB Rule G-27 on Dealer Supervision (January 14, 2026), at 12-13, available at https://www.msrb.org/sites/default/files/2026-01/2026-01.pdf.

regulators were to revisit, in a holistic manner, the office designation requirements in their respective regulatory frameworks.

Another alternative the MSRB considered was to explicitly provide for a fully principle-based approach to defining the term "structuring of public offerings or private placements." MSRB Rule G-27 does not currently differentiate between the various public finance activities that may be performed as part of the "structuring of public offerings or private placements." A fully principles-based approach would allow dealers to make their own determination, with significantly less regulatory guidance, of what structuring means to each individual dealer, and subsequently which locations would require OMSJ designation. However, this alternative approach may introduce additional regulatory uncertainty into dealer supervision. A dealer may require all public finance activities to occur at an OMSJ out of an abundance of caution, which would not reduce any compliance burden. By comparison, the approach taken by the proposed rule change would provide a framework that would allow greater certainty for dealers regarding those activities that may constitute structuring and those that may be excluded. The proposed rule change would also maintain some degree of flexibility in determining whether any activities not explicitly outlined in the proposed rule change are best treated in one category or another, depending on a dealer's specific business model, practices and processes. It is for this reason that the MSRB determined this alternative is inferior to the proposed rule change.

Finally, an alternative to extending the 30-business day per calendar year exclusion from municipal branch office designation to 90-business days per calendar year for non-primary residences, would be to extend the 30-business day per calendar year exclusion to 120 business days per calendar year, or approximately 48% of the total business days in a year.[38] As noted

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[38] See supra note 36.

above, the 90-business days per calendar year exclusion in the proposed rule change would account for approximately 35% of the total business days in a year. This alternative of 120 business days per calendar year would provide even more flexibility for associated persons and further reduce the burdens associated with designation of municipal branch offices, and accompanying office inspection requirements. However, the MSRB believes that approaching the threshold of one half of all business days of remote work from such locations without triggering municipal branch office designation for such locations could, under the current supervisory rule paradigm, incrementally raise risks to investor and issuer protection and could be inconsistent with the rule's intended use for such locations on a temporary basis, since these remote working locations are subject to a less stringent dealer inspection requirement than municipal branch offices. Therefore, the MSRB believes the proposed rule change offers a superior approach to this alternative.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

The MSRB sought comment on the proposed rule change in a request for comment that was published on January 14, 2026 (the "Request for Comment").[39] The MSRB received 4 letters in response to the Request for Comment.[40] In addition to the proposed rule change, the

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39 See MSRB Notice 2026-01, Request for Comment on MSRB Rule G-27 on Dealer Supervision (January 14, 2026), available at https://www.msrb.org/sites/default/files/2026-01/2026-01.pdf.

40 Comment letters were received from: American Securities Association ("ASA"): Letter from Jessica R. Giroux, Chief Legal Officer, dated March 16, 2026 (the "ASA Letter"); Bond Dealers of America ("BDA"): Letter from Michael Decker, Senior Vice President, Research and Public Policy, dated March 16, 2026 (the "BDA Letter"); Peg Henry LLC: Letter from Margaret C. (Peg) Henry, Sole Member, dated March 6, 2026 (the "Henry Letter"); and Securities Industry and Financial Markets Association ("SIFMA"): Letter from Leslie M. Norwood, Managing Director and Associate General Counsel, Head of Municipal Securities, dated March 16, 2026 (the "SIFMA Letter"). Comment letters are

Request for Comment sought comment on additional areas of MSRB Rule G-27 that the MSRB should consider amending through future rulemaking efforts. The four comment letters are summarized below as they pertain to the proposed rule change, with MSRB responses provided.[41]

Extend the 30-Business Day Exclusion for Non-Primary Residences from Municipal Branch Office Designation

The Request for Comment solicited comments on draft rule text that would extend MSRB Rule G-27(g)(ii)(A)(3)'s exclusion from municipal branch office designation for non-primary residences from less than 30 business days per calendar year to up to 60 business days per calendar year. Comment letters were generally in favor of the Request for Comment's proposed extension from 30 to 60 business days per calendar year. ASA stated that the proposed extension would better align with hybrid work patterns and ease administrative tracking of occasional remote work.[42] SIFMA encouraged the MSRB to adopt the increase to the 30-business day exclusion from municipal branch office designation for locations other than a primary residence to 60-business days per year.[43]

However, certain comment letters advocated for the MSRB to further extend MSRB Rule G-27(g)(ii)(A)(3)'s exclusion past the proposed 60 business days per calendar year limit in the

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available at: https://www.msrb.org/sites/default/files/2026-03/All-Comments-to-Notice-2026-01.pdf.

41 The MSRB will continue to consider separately the comments received on additional areas of MSRB Rule G-27 that the MSRB should potentially amend through future rulemaking efforts.

42 See ASA Letter at 2.

43 See SIFMA Letter at 4.

proposed rule change. SIFMA suggested that the MSRB consider a 120 business day per year exclusion.[44] ASA encouraged the MSRB to consider additional flexibility tied to supervisory risk rather than fixed day counts, and to explicitly recognize that firms may rely on centralized electronic surveillance to manage remote work.[45] BDA suggested that the MSRB remove the distinction between primary residences or other locations and that the MSRB specify that employees subject to supervision can work and be supervised remotely for up to 60 business days per year regardless whether those days are spent at a primary residence or other location.[46]

The MSRB appreciates the views expressed in the comment letters requesting additional flexibility than provided for in the Request for Comment's proposal to extend the 30-business days per calendar exclusion from municipal branch office designation for non-primary residences to 60 business days per calendar year. The MSRB recognizes that providing 90 business days per calendar year would remain consistent with the objectives of the proposed rule change without reducing investor and issuer protections, as the proposed 90-business days per calendar year exclusion would only account for approximately one-third (35%) of the total 250 business days typically in a year – thus the majority of municipal securities activities would still be conducted at a municipal branch office location. As such, the proposed rule change would extend the exclusion from municipal branch office designation for non-primary residences to 90 business days per calendar year. The MSRB believes that an extension up to 90 business days per calendar year will provide the industry with additional and reasoned flexibility, while also maintaining an

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44 Id.

45 See ASA Letter at 2.

46 See BDA Letter at 3.

appropriate limit for registered persons to work from a non-primary residence location without triggering municipal branch office designation. The MSRB believes that an extension to the municipal branch office designation exclusion past 90 business days per calendar year at a particular location would no longer qualify such location as a temporary location (i.e., as occasional work from a non-primary residence location) and instead could be considered regularly engaged in conduct under MSRB Rule G-27(g)(ii)(A)'s definition of municipal branch office. In addition, the MSRB will consider the suggestions to remove the distinctions among various types of offices and locations (including with respect to the treatment of primary residences), or the reliance on a centralized supervision model, at a later date.

Structuring of Public Offering or Private Placements

The Request for Comment solicited comments on potentially excluding certain public finance activities from MSRB Rule G-27(g)(i)'s definition of OMSJ by way of adding new supplementary material explaining the scope of excluded public finance activities that would not qualify as "structuring of public offerings or private placements" and would therefore not trigger OMSJ designation.

The comment letters were generally in favor of this draft amended rule text. ASA stated that they support the clarification of "structuring of public offerings or private placements" in the definition of an OMSJ and that clarification would reduce uncertainty about which public finance activities trigger OMSJ designation.[47] SIFMA stated that the proposed rule change is a significant and positive development which creates necessary added clarity and recognizes that

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[47] See ASA Letter at 1.

some public finance activities commonly occur at a client site, while traveling, or otherwise away from an OMSJ.[48]

BDA pointed out that its member firms have interpreted the meaning of "structuring of public offerings or private placements" differently, and the confusion has led to a lack of consistency in how dealers are complying with the rule.[49] As a result, BDA welcomed the MSRB's proposed rule change to provide clarity and consistency and urged the MSRB to provide as much flexibility as possible around the specifics each firm might identify as their own process for final approval within the proposed rule change.[50]

Comment letters in support of the proposed rule change also provided suggestions as to how to amend the draft language of the definition of excluded public finance activities. SIFMA proposed removing references to bespoke recommendations, commitment of dealer capital or other formal action with respect to a public offering or private placement conducted by the dealer from proposed language in the Request for Comment's definition of excluded public finance activities.[51] SIFMA further stated that its members believe that the final approval of a transaction by the broker-dealer is what should be considered structuring.[52] BDA stated that it is important that the proposed rule change allow firms to define a single, clear moment or event that meets the criteria for structuring and not lead to a misinterpretation that multiple events within a

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48 See SIFMA Letter at 4.

49 See BDA Letter at 2.

50 Id.

51 See SIFMA Letter at 4-5.

52 See SIFMA Letter at 6.

transaction would trigger OMSJ registration.[53] The MSRB removed language referencing bespoke recommendations from the definition of excluded public finance activities in the Request for Comments in response to the comments received. As a result, the MSRB believes that the proposed rule change is business model neutral and acknowledges that dealers may have different business practices pertaining to the "structuring of public offerings or private placements."

One comment letter questioned whether the proposed rule change would allow a municipal securities principal to supervise excluded public finance activities from a private residence but may not engage in structuring from that residence.[54] The comment letter went on to question whether the municipal securities principal would therefore need to go to a dealer's office to sign a bond purchase agreement, and argued that there is no supervisory benefit to be gained by requiring a bond purchase agreement to be signed in the office of a dealer as opposed to a primary residence.[55]

As aforementioned, the final approval of a public offering or private placement transaction, as used in proposed new Supplementary Material .07, would reference actions internal to the dealer relating to the decision to approve such transaction. The timing of such decisive action may vary depending on the specific transaction or the processes undertaken by a specific dealer and may, for example, coincide with pricing and re-pricing, as necessary, in an effort to get to verbal award. As the MSRB previously noted, the physical act of signing a bond

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53 See BDA Letter at 2-3.

54 See Henry Letter at 1.

55 See Henry Letter at 1-2.

purchase agreement (i.e., formal award) is distinct from the meaning of "final approval" as used within the proposed rule change and for purposes of this rule. Therefore, final approval would not include the mere formality of executing a bond purchase agreement. Proposed new Supplementary Material .07 would require dealers to adopt compliance policies and procedures reasonably designed to make clear what action taken would constitute final approval of a public offering or private placement transaction conducted by the dealer. Proposed new Supplementary Material .07, would also require dealers to take into consideration all relevant factors in determining what action taken constitutes final approval of a public offering or private placement transaction to ensure dealers' supervisory systems are reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable Board rules.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period of up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) by order approve or disapprove such proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form (http://www.sec.gov/rules/sro.shtml); or
- Send an email to rule-comments@sec.gov. Please include File Number SR-MSRB-2026-04 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549.

All submissions should refer to File Number SR-MSRB-2026-04. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (http://www.sec.gov/rules/sro.shtml). Copies of the filing will be available for inspection and copying at the principal office of the MSRB. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to File Number SR-MSRB-2026-04 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, pursuant to delegated authority.[56]

Sherry R. Haywood
Assistant Secretary

[56] 17 CFR 200.30-3(a)(12).

EXHIBIT 2a

MSRB
Municipal Securities Rulemaking Board

MSRB Notice

2026-01

Publication Date
January 14, 2026

Stakeholders
Municipal Securities Dealers, Investors, Bank Dealers, General Public

Notice Type
Request for Comment

Comment Deadline
March 16, 2026

Category
Fair Practice; Administration

Affected Rules
Rule G-27

Receive emails about MSRB Notices.

Request for Comment on MSRB Rule G-27 on Dealer Supervision

Overview

The Municipal Securities Rulemaking Board ("MSRB") seeks comment on draft amendments to MSRB Rule G-27, on dealer supervision, as part of the MSRB's ongoing retrospective rule review of supervisory obligations under the rule in light of the evolution of the municipal securities marketplace and in workplace practices at brokers, dealers and municipal securities dealers ("dealers") since the rule was last substantially reviewed and revised. The draft amendments would seek to add clarity to the term "structuring of public offerings or private placements," as such term is used within the definition of "office of municipal supervisory jurisdiction," and to increase the 30-business day exclusion from the municipal branch office registration for locations other than a primary residence (the "Draft Amendments"). This request for comment is the first step intended to address requests from market participants for greater flexibility in the manner in which dealers engage in what is colloquially referred to as public finance activities.

The MSRB also seeks comments more broadly on additional areas of Rule G-27 that should be included in the MSRB's retrospective rule review and on any relevant factors or other information that the MSRB should consider to better focus its review on the aspects of the rule that would be most relevant to how dealers engage in business today and into the future. In particular, the MSRB is interested in receiving input on potential changes to or guidance with respect to Rule G-27 that would provide flexibility to dealers to implement effective supervisory structures and controls that best suit their manner of engaging in business without unduly restricting the types of physical, operational and technological parameters within which dealers must organize and conduct their business. In conjunction with such input for potential changes, the MSRB seeks suggestions for practical approaches available to dealers to effectively implement and enforce a supervisory system that allows firms to remain nimble in the face of competitive market forces and evolving products, practices and technologies. At the same time, any changes to Rule G-27 must continue to ensure the protections afforded to customers and other market participants by a reasonably designed supervisory system and compliance policies and procedures that are effectively implemented, enforced and updated to maintain pace with marketplace changes, business practices, types of activities engaged in and products offered by the dealer, and applicable legal and regulatory obligations as they evolve.

The MSRB invites market participants and the public to submit comments in response to this request, along with any other information that they believe would be useful to the MSRB. Comments should be submitted no later than March 16, 2026 and may be submitted by clicking here or in paper form. Comments submitted in paper form should be sent to Ronald W. Smith, Corporate Secretary, MSRB, 1300 I Street, NW, Washington, DC 20005. All comments will be made available for public inspection on the MSRB's website.[1] Market participants are encouraged to reach out to the MSRB at 202-838-1500 with any inquiries that may aid in understanding the Draft Amendments before submitting a comment letter.

History of Broker-Dealer Supervisory Framework

Rule G-27 sets forth the obligation for each dealer to supervise the municipal securities activities of the dealer and its associated persons to ensure compliance with applicable securities laws and regulations, and with applicable MSRB rules. Rule G-27 was last substantively amended in 2007 ("2007 amendments")[2] to harmonize the MSRB's dealer supervision rule with the supervisory obligations that the Financial Industry Regulatory Authority ("FINRA") (previously known as the National Association of Securities Dealers ("NASD")) had earlier established for its dealer member firms[3] to ensure a coordinated regulatory approach in the area of dealer supervision.[4] By and large, the 2007 amendments that set forth general and specific supervisory requirements were meant to strengthen the supervisory controls of dealers since adequate supervisory systems play an important role in assuring investor and issuer protection and the integrity of the municipal securities market.

[1] Comments are generally posted on the MSRB's website without change. Personal identifying information such as name, address, telephone number or email address will not be edited from submissions. Therefore, commenters should submit only information that they wish to make available publicly.

[2] *See* Securities Exchange Act of 1934 ("Exchange Act") Release No. 55792 (May 22, 2007), 72 FR 29564 (May 29, 2007) (SR-MSRB-2006-10). *See also* MSRB Notice 2007-32, Guidance on Implementation of New Supervisory Requirements Under Rule G-27, Technical Amendments Filed (November 8, 2007).

[3] *See* Exchange Act Release No. 46859 (November 20, 2002), 67 FR 70990 (November 27, 2002) (SR-NASD-2002-162). Except where otherwise required for clarity or accuracy, the current name FINRA is used in this request for comment to include reference to its activities when previously known as the NASD.

[4] In connection with the 2007 amendments, the MSRB stated that it "intends generally that the provisions of Rule G-27 be read consistently with the analogous NASD provisions, unless the MSRB specifically indicates otherwise." *See supra* note 2.

During the early days of the adoption of dealer supervision requirements, it was articulated by FINRA that operational and sales practice abuses could stem from ineffective supervisory control procedures, which was the impetus to the adoption of robust supervisory obligations.[5] FINRA also articulated that it believed "that certain customer activities, such as the transmittal of customer funds or changes in customer address or investment objectives, require additional monitoring to help prevent fraud and theft of customer funds."[6] As part of its slate of changes to FINRA's supervision rules, FINRA proposed in 2003 to amend the branch office definition to facilitate the creation of a branch office registration system[7] that would be used as the single method for registration of branch office locations. In accordance with state securities regulators' requirements as well as those of self-regulatory organizations, broker-dealers are required to register such locations. At the time, there was no uniform approach among regulators for classifying locations at which securities operations were conducted.[8] Resultingly, it was determined that implementing a centralized registration process would make broker-dealer operations more efficient and lead to cost savings while also permitting securities regulators to effectively examine such locations in furtherance of investor protections.[9] Since the early adoption of supervision rules, an office of supervisory jurisdiction ("OSJ") has been defined to include offices where supervision occurs, along with those where other enumerated functions (e.g., structuring of public offerings or private placements) are performed that have been deemed of significant regulatory importance.[10] Consistent with FINRA's approach, the MSRB defined an office of municipal supervisory jurisdiction ("OMSJ") in Rule G-27(g)(i) as including those offices where comparable activities to an OSJ are conducted with respect to municipal securities, as more fully described below. The current construction was put into place due to concerns that persons associated with broker-dealers were "engaging in the offer and sale of securities to the public without adequate

[5] *See supra* note 3 at 70991.

[6] *Id*. at 70992.

[7] The Central Registration Depository ("CRD")® was designated as the means through which branch office registration information would be submitted by broker-dealers.

[8] FINRA worked with the North American Securities Administrators Association and the New York Stock Exchange to reduce inconsistencies in the ways in which locations were defined. Those efforts led to a uniform definition that mirrors the Securities and Exchange Commission's (the "Commission") definition of "office," under Exchange Act Rule 17a-3, on books and records requirements. More specifically, Exchange Act Rule 17a-3(g)(i) defines the term as "any location where one or more associated persons regularly conduct the business of handling funds or securities or effecting any transactions in, or inducing or attempting to induce the purchase or sale of, any security." *See* 17 CFR 240.17a-3.

[9] *See* Exchange Act Release No. 48897 (December 9, 2003), 68 FR 70059, 70063 (December 16, 2003) (SR-NASD-2003-104).

[10] *See* FINRA, Notice to Members 86-65, Compliance with the NASD Rules of Fair Practice in the Employment and Supervision of Off-Site Personnel (September 12, 1986).

ongoing supervision" due to being at locations (i.e., offsite) away from the offices of the broker-dealer.[11]

More recently, in recognition of the change in the manner in which business is conducted, brought on by the sustained COVID-19 pandemic, FINRA amended its Rule 3110, on supervision, to permit newly-defined residential supervisory locations ("RSL") to be treated as non-branch locations[12] and to provide dealers the option to participate in FINRA's Remote Inspection Pilot Program through June 30, 2027,[13] if certain conditions are met specific to each rule provision. Similarly, the MSRB amended Rule G-27 to conform with these new FINRA provisions. More specifically, the MSRB adopted Rule G-27 Supplementary Material .04, on residential supervisory locations, to permit certain dealers ("FINRA-member dealers") to designate as an RSL an associated person's private residence where specified supervisory activities are conducted relating to their municipal securities activities, which would otherwise be classified as an OMSJ due to the supervisory activities undertaken at such location.[14] The MSRB also adopted Rule G-27 Supplementary Material .05, on remote inspections pilot program, to provide dealers with the option to participate in FINRA's three-year remote inspection pilot program with respect to their municipal securities activities under Rule G-27, if certain conditions were met.[15]

The MSRB is issuing this request for comment as the next step in its dealer supervision retrospective rule review. The Draft Amendments address targeted areas of the rule that the MSRB believes could be modernized without modifying the OMSJ and municipal branch office definitions, which as noted above are closely tied to the parallel concepts under FINRA and state regulatory obligations and as a result would potentially call for coordinated action among the regulatory bodies. This request for comment also outlines a number of questions that the MSRB seeks to survey the industry on in determining next steps of the retrospective rule review effort. The MSRB recognizes that the modern workplace needs to take into account technological innovations and current business

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[11] At the time, FINRA remarked that "the potential for significant regulatory problems exists when registered representatives conduct business at locations that are not subject to regular examination by the member and operate without direct oversight of qualified supervisory personnel." *See* Exchange Act Release No. 26177 (October 13, 1988), 53 FR 41008 (October 19, 1988) (SR-NASD-88-31). *See also* FINRA, Notice to Members 88-11, Proposed Amendments to Article III, Section 27 of the NASD Rules of Fair Practice Regarding Supervision and the Definitions of "Office of Supervisory Jurisdiction" and "Branch Office" (February 8, 1988).

[12] *See* Exchange Act Release No. 98980 (November 17, 2023), 88 FR 82447 (November 24, 2023) (SR-FINRA-2023-006).

[13] *See* Exchange Act Release No. 98982 (November 17, 2023), 88 FR 82464 (November 24, 2023) (SR-FINRA-2023-007).

[14] *See* Exchange Act Release No. 100131 (May 14, 2024), 89 FR 43961 (May 20, 2024) (SR-MSRB-2024-04).

[15] *See* Exchange Act Release No. 100291 (June 6, 2024), 89 FR 49950 (June 12, 2024) (SR-MSRB-2024-05).

practices without compromising the important safeguards that further investor and issuer protection. To underscore the core principles of the current supervisory framework, a dealer must establish and maintain a system to supervise the municipal securities activities of each registered representative, registered principal, and other associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable MSRB rules. Alongside the foundational requirement mentioned above, Rule G-27 states that final responsibility for proper supervision rest with the dealer.[16] Thus, this would include dealers being responsible for establishing policies and procedures to ensure effective oversight of municipal securities-related activities of their associated persons that occur somewhere other than in dealers' offices or locations.

Current Rule G-27 Dealer Supervision Office and Location Requirements

Definition of Office of Municipal Supervisory Jurisdiction

In broad strokes, locations and offices from which associated persons work are designated as either registered offices (e.g., municipal branch offices) or unregistered locations — this designation primarily affects the supervisory responsibilities of dealers. Rule G-27(g)(ii)(A) defines a municipal branch office as any location where one or more associated persons of a dealer regularly conducts the business of effecting any transactions in, or inducing or attempting to induce the purchase or sale of any municipal security, or that is held out as such.[17] Pursuant to Rule G-27(g)(i) a municipal branch office is further classified as an OMSJ if any one or more of the following enumerated activities occurs at the location:

(A) order execution and/or market making;

(B) structuring of public offerings or private placements;

(C) maintaining custody of customers' funds and/or municipal securities;

(D) final acceptance (approval) of new accounts on behalf of the dealer;

(E) review and endorsement of customer orders, pursuant to subparagraph (c)(i)(G)(2) above;

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[16] *See* MSRB Rule G-27(b).

[17] Rule G-27(g)(ii)(A) excludes from registration as a municipal branch office: (1) a location that operates as a back office; (2) a representative's primary residence provided it is not held out to the public and certain other conditions are satisfied; (3) a location, other than the primary residence, that is used for less than 30 business days annually for securities business, is not held out to the public as an office, and which satisfies certain of the conditions set forth in the primary residence exception; (4) a location of convenience used occasionally and by appointment; (5) a location used primarily for non-securities business and from which less than 25 securities transactions are effected annually; (6) the floor of an exchange; and (7) a temporary location used as part of a business continuity plan.

(F) final approval of advertising for use by persons associated with the dealer, pursuant to Rule G-21(f); or

(G) responsibility for supervising the municipal securities activities of persons associated with the dealer at one or more other municipal branch offices of the dealer.

Neither Rule G-27 nor FINRA Rule 3110 defines what activities would be considered structuring of public offerings or private placements that must be conducted at an OMSJ or OSJ, respectively, and neither regulator has published guidance as to what specific tasks would or would not fall into this category.

This lack of specific definition or guidance on the activities subsumed within this term is significant due to the fact an OMSJ must have an appropriately qualified principal on-site[18] and is subject to annual office inspection.[19] In contrast, under Rule G-27(d)(1)(B), dealers need only inspect municipal branch offices that do not supervise one or more non-branch locations at least every three years, and under Rule G-27(d)(i)(C), need only inspect non-branch locations on a regular, periodic schedule. Further, non-supervisory branch locations and non-branch locations need not have an on-site principal.

30-Business Day Exclusion from Municipal Branch Office Definition

As previously noted, Rule G-27(g)(ii)(A) defines a municipal branch office as any location where one or more associated persons of a dealer regularly conducts the business of effecting any transactions in, or inducing or attempting to induce the purchase or sale of any municipal security, or is held out as such, with certain exclusions. One of the exclusions from the municipal branch office definition is outlined in Rule G-27(g)(ii)(A)(3), which excludes any location, other than a primary residence, that is used for municipal securities activities for less than 30 business days in any one calendar year, provided the dealer complies with the provisions outlined in Rule G-27(g)(ii)(A)(2)(a) through (h).[20] Such

[18] *See* Rule G-27(b)(iv) requiring dealers to designate an appropriately registered principal at each OMSJ.

[19] *See* Rule G-27(d)(i)(A) requiring dealers to inspect each OMSJ at least annually.

[20] Rule G-27(g)(ii)(A)(2)(a) through (h) states:

(a) Only one associated person, or multiple associated persons who reside at that location and are members of the same immediate family, conduct business at the location;

(b) The location is not held out to the public as an office and the associated person does not meet with customers at the location;

(c) Neither customer funds nor securities are handled at that location;

a location, also sometimes referred to as a temporary location, would be treated as a non-branch location under the rule.

As such, a dealer's associated persons currently are limited to less than 30 business days per calendar year when working at locations such as a vacation or second home, long term rental, or the residence of a partner or family member, and dealers must have a process to track compliance with this 30-business day limit. In the context of this exemption, the term "business day" is defined to exclude any partial business day, provided the associated person spends at least four hours of such business day at his or her designated municipal branch office during the time period such office is normally open for business. This is intended to prevent associated persons from regularly conducting business from locations other than their primary residencies for the majority of a business day, without such activity being counted towards the 30-business day limit.

Summary of Draft Amendments

Structuring of Public Offerings or Private Placements

Public finance is a broad term that is not defined under MSRB rules and different dealers may include within its ambit varying aspects of the process of bringing new issues of municipal securities to market. The Draft Amendments seek to provide greater clarity on what aspects of this process may be included within or excluded from the term "structuring of public offerings or private placements," which serves to determine whether such activities must be engaged in at an OMSJ. The Draft Amendments would maintain the current framework in which structuring of public offerings or private placements must continue to be conducted at an OMSJ, thus remaining harmonized with the office/location approach taken by FINRA and the state regulators. However, the Draft Amendments would seek to distinguish the function of final approval, commitment or other formal action on behalf of the dealer regarding the structuring of a municipal public or private offering (i.e., issuance of municipal securities), which generally would be deemed structuring activities, from certain functional work (e.g., performing debt modeling, financial analysis and

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(d) The associated person is assigned to a designated municipal branch office, and such designated municipal branch office is reflected on all business cards, stationery, advertisements and other communications to the public by such associated person;

(e) The associated person's correspondence and communications with the public are subject to the dealer's supervision in accordance with this rule;

(f) Electronic communications (e.g., e-mail) are made through the dealer's electronic system;

(g) All orders are entered through the designated municipal branch office or an electronic system established by the dealer that is reviewable at the municipal branch office;

(h) Written supervisory procedures pertaining to supervision of sales activities conducted at the residence are maintained by the dealer.

numbers running) that may be engaged in by other public finance professionals, in support of final approval of bespoke recommendations, commitment of dealer's capital or other formal action on behalf of the dealer concerning the structure of a deal, which would be defined as "excluded public finance activities" under new Supplementary Material .07 of the Draft Amendments. Such excluded public finance activities would not be deemed to be structuring. Moreover, new Supplementary Material .07 of the Draft Amendments would also clarify that solicitation or "pitching" of a dealer's investment banking services (i.e., public finance banking services)[21] to an issuer or obligated person, including preparing presentation materials for such pitches or solicitations, by itself without engaging in other types of public finance activities, would also constitute excluded public finance activities and therefore not be deemed structuring.[22]

The examples that are provided in new Supplementary Material .07 of the Draft Amendments do not represent an exhaustive list of activities that may be engaged in by public finance professionals that would be deemed outside the scope of structuring of a municipal securities offering and therefore would be treated as excluded public finance activities, so long as such other activities do not include decision making, final approval or commitment, or ultimate supervision on behalf of the dealer with respect to a public offering or private placement conducted by the dealer.

The new Supplementary Materials .06 and .07 of the Draft Amendments would be consistent with one of FINRA's early tenets of what constitutes an OSJ, which is where final approval/formal action occurs with respect to dealers' activities.[23] Through stakeholder outreach and the review of the Uniform Branch Office Registration Form (Form BR)

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[21] FINRA previously stated that, if a location is utilized to solicit a member's investment banking services, but such investment banking services are not performed from the location, registration as a branch office is not required, provided, of course, no other activities at the location would otherwise require branch office registration. A location from which such investment banking services are performed would require registration. FINRA went on to state that investment banking services include, among other things, acting as an underwriter in an offering for the issuer, acting as a member of a selling group in a securities underwriting, and serving as placement agent for the issuer. *See* FINRA, Notice to Members 06-12, Uniform Branch Office Definition Joint Interpretive Guidance from NASD and the NYSE Relating to Uniform Branch Office Definition Under NASD Rule 3010(g)(2) and NYSE Rule 342.10 (March 2006).

[22] While pitching business may sometimes involve communications that have characteristics of a recommendation, such solicitation activities constituting excluded public finance activities are distinguished from final approval of bespoke recommendations, which would continue to constitute structuring activities, in that bespoke recommendations would be those that are specifically tailored to a client rendered during the course of an engagement, rather than as part of the process of seeking an engagement.

[23] The idea that functional work may be completed at a separate location from final approval was previously discussed by FINRA in a notice to members discussing FINRA office designations. More specifically, FINRA noted that it intended to require OSJ designation for any office at which the approval that constitutes formal action by the member takes place. *See* FINRA, Notice to Members 88-11, Proposed Amendments to Article III, Section 27 of the NASD Rules of Fair Practice Regarding Supervision and the Definitions of "Office of Supervisory Jurisdiction" and "Branch Office" (February 8, 1988).

information,[24] the MSRB believes that many dealers, out of an abundance of caution, appear to treat each individual that engages in functional work making up part of the overall process of bringing a new issue of municipal securities to market, regardless whether that individual's contribution constitutes final approval with respect to any bespoke recommendation, commitment of dealer's capital or other formal action on behalf of the dealer concerning the structure of a deal, as being required to be located at an OMSJ and subject to the accompanying regulatory and compliance obligations. The MSRB believes that the Draft Amendments would provide clarity to all dealers as to which public finance activities are required to be engaged in at an OMSJ and which such activities may constitute excluded public finance activities that need not be conducted at an OMSJ.

As aforementioned, the Draft Amendments would adopt Supplementary Material .06 and Supplementary Material .07. Under the Draft Amendments, such activities/functions involved in structuring a municipal securities offering, including, but not limited to: debt modeling, financial analysis, number running (throughout the process, including in connection with pricing or re-pricing an offering) and pitching/solicitation of a dealer's investment banking services (i.e., public finance banking services) would be exempt from the definition of structuring and could be carried out in a municipal branch office or at an associated person's primary residence (i.e., a non-branch location), provided that the requirements for the primary residence exception are satisfied.[25]

The Draft Amendments to the supervisory framework would not alter a dealer's threshold obligation to establish and maintain a system to supervise the municipal securities activities of each associated person that is reasonably designed to achieve compliance with applicable rules and a dealer would still be required to, among other things:

- Designate appropriate offices as OMSJs;[26]

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[24] Dealers must register each branch office with FINRA and states that require branch registration by electronically filing Form BR via FINRA's Gateway or by notifying an SRO or jurisdiction of the existence of a branch office for which approval is not required (*i.e.*, notice filing). The MSRB notes that providing information on OMSJ is optional on Form BR.

[25] Dealers would have the flexibility to allow such public finance activities that would otherwise occur in a municipal branch office to be conducted from an associated person's primary residence, if the specified conditions are met. A location that is an associated person's primary residence is exempt from the municipal branch office registration, if, among other things: i) the location is not held out to public as an office and the associated person does not meet with customers at the location; ii) the associated person is assigned to a designated municipal branch office, and such designated municipal branch office is reflected on all business cards, stationery, advertisements and other communications to the public by such associated person; iii) the associated person's correspondence and communications with the public are subject to the dealer's supervision in accordance with this rule; and iv) electronic communications (*e.g.*, e-mail) are made through the dealer's electronic system. *See* Rule G-27(g)(ii)(A)(2).

[26] *See* Rule G-27(b)(iii).

- Maintain and preserve the books and records required to be maintained and preserved by MSRB Rule G-8 at a municipal branch office; and

- Review the incoming and outgoing correspondence (including electronic communications) of its municipal securities representatives with the public relating to the municipal securities activities of such dealer.

The MSRB believes new Supplementary Material .06 and .07 of the Draft Amendments would reduce unnecessary regulatory and compliance burdens on dealers while maintaining an effective supervisory system reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable MSRB rules. A principal would not be required to be on-site so long as no other activities within the definition of OMSJ are conducted from such office or location. In addition, such municipal branch office or non-branch location would not be subject to the annual office inspection cycle required under the rule but instead would be subject to the applicable inspection schedule for the type of location.

30-Business Day Exclusion

Recently, through stakeholder outreach, dealers have voiced a desire to increase the 30-business day exclusion for locations that would otherwise be deemed a municipal branch office. These firms believe that 30 days is too low of a threshold; and as such, dealers are constrained in providing a more structured usage (i.e., the provision does not allow for regular usage throughout the 52 weeks in a year) consistent with post-pandemic work patterns.[27] Dealers have noted that amending the rule to allow for a 52-day exclusion for locations would provide dealers with more optionality in their approach to providing greater flexibility to their associated persons — recognizing the culture of hybrid work environments.

The MSRB recognizes that the 30-business day exclusion may be more restrictive than necessary when balancing its utility against the time-consuming process of having dedicated compliance resources tracking the number of days and hours associated persons are working at a location, other than their primary residence, for purpose of complying with the rule.[28] Furthermore, considering that a dealer would be required to register a location as a branch office if such location reaches the 30-business day limit in a

[27] The MSRB notes that FINRA Rule 3110(f)(2)(A)(iii) contains a similar 30-business day provision.

[28] FINRA previously noted that, if a member relies on the 30-business day exclusion, a dealer is expected to demonstrate compliance with the business day limitation by maintaining, at a minimum, logs identifying any such locations, business days spent at such locations, and the activities of the associated person conducted from such locations. *See* FINRA, Notice to Members 06-12, Uniform Branch Office Definition Joint Interpretive Guidance from NASD and the NYSE Relating to Uniform Branch Office Definition Under NASD Rule 3010(g)(2) and NYSE Rule 342.10 (March 2006).

calendar year,[29] the MSRB believes allowing greater flexibility acknowledges the evolving nature of today's workplace environments.

The Draft Amendments would extend the exclusion from less than 30 business days per calendar year to 60 business days or fewer per calendar year that associated persons would be able to work at locations, other than their primary residence, without subjecting such locations to the municipal branch office registration. The MSRB is also mindful that this extension would create additional flexibility for municipal market professionals who would not otherwise be able to avail themselves of the flexibility provided for under the Draft Amendments pertaining to excluded public finance activities. The new 60-business day limit would permit associated persons of a dealer who regularly conduct the business of effecting any transactions in, or inducing or attempting to induce the purchase or sale of, any municipal security to work from such locations once per week (with a small additional buffer for flexibility) without triggering municipal branch office registration, so long as certain conditions are satisfied.

The MSRB believes the Draft Amendments would remain consistent with the intent of the 30-business day exclusion that such locations are viewed as temporary locations.

Economic Analysis

Section 15B(b)(2)(C) of the Securities Exchange Act of 1934 requires that MSRB rules not be designed to impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Exchange Act.[30] The MSRB has considered the economic impact of the Draft Amendments in this RFC. The MSRB does not believe that the Draft Amendments described herein would impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act. The MSRB seeks comments on the economic effects of the Draft Amendments to MSRB Rule G-27.

A. Need for draft amendments

The MSRB's policy on economic analysis in rulemaking states that, prior to proceeding with rulemaking, the MSRB should evaluate the need for the potential rule change and determine whether the rule change as drafted would, in its judgment, meet that need. The Draft Amendments focus on two areas: 1) clarifying the term "structuring of public offerings or private placements" within Rule G-27's definition of OMSJ; and 2) the 30-business day exclusion from the municipal branch office registration for locations other than a primary residence.

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[29] Once the 30-business days in a calendar year limit has been reached, firms will have a 30 calendar-day window to register such location as a municipal branch office. *Id.*

[30] *See* the MSRB's Policy on the Use of Economic Analysis in MSRB Rulemaking.

The Draft Amendments are intended to provide reasonable flexibility for public finance activities without compromising the need for investor and issuer protection. The Draft Amendments seek to draw a distinction between the function of final approval of bespoke recommendations, commitment of the dealer's capital or other formal action regarding the structuring of a municipal public or private offering from the functional work that supports the structuring of a deal and exempt these supporting activities from the definition of structuring of public offerings or private placements. Thus, those activities would not be required to be conducted at an OMSJ. In addition, the Draft Amendments are intended to create flexibility for municipal market professionals by extending the exclusion for locations, other than a primary residence, that would otherwise be deemed a municipal branch office from 30 business days per year to 60 business days per year.

B. Relevant baselines against which the likely economic impact can be considered

To evaluate the potential impact of the Draft Amendments, a baseline or baselines must be established as a point of reference to compare the expected state with the Draft Amendments. The economic impact of the Draft Amendments is generally viewed as the difference between the baseline state and the expected state. For the purposes of this RFC, the baseline is Rule G-27 in its current form.

C. Identifying and evaluating reasonable alternative regulatory approaches

The MSRB's policy on economic analysis in rulemaking addresses the need to consider reasonable potential alternative regulatory approaches, when applicable. Under this policy, only reasonable regulatory alternatives should be considered and evaluated. The MSRB identified the following potential alternative regulatory approaches for Rule G-27.

One alternative would be to exempt the structuring of municipal public offerings or private placements from the definition of OMSJ, and subsequently the designation of such locations as OMSJ. This alternative would reduce the need for OMSJ designations and therefore would further decrease compliance burdens associated with assigning an on-site supervisor qualified as a municipal securities principal and the need to conduct an annual inspection of that location by the dealer. While this alternative calls for the exemption of structuring of municipal public offerings or private placements from the OMSJ definition, dealers may still be required to designate such locations as an OSJ as per FINRA Rule 3110, which would lead to an increase in burdens and challenges due to inconsistencies in regulatory approach in complying with MSRB and FINRA rules. Additionally, there are interdependencies upon which the current office and location framework rests, for example, state security regulators utilize data collected by FINRA on OSJ and OMSJ designations. The result is a patchwork of supervisory regulation that may introduce additional compliance burdens for dealers. For this reason, the MSRB believes the Draft Amendments are superior to this alternative, although the MSRB believes that this alternative could be reconsidered in the future if the other regulators were to revisit the office designation requirements in their respective regulatory frameworks.

Another alternative the MSRB considered was to explicitly provide for a fully principles-based approach to defining the term the “structuring of public offerings or private placements.” Rule G-27 does not currently differentiate between the various public finance activities that may be performed as part of the structuring of public offerings or private placements. However, the MSRB believes that providing final approval of bespoke recommendations, commitment of the dealer’s capital or other formal action regarding the structuring of a municipal public offering or a private placement is an essential function for issuance of municipal securities in relation to public finance activities. The approach taken by the Draft Amendments would provide a framework that would allow greater certainty to dealers regarding those activities that may constitute structuring and those that may be excluded while maintaining some degree of flexibility in determining whether any activities not explicitly outlined in the Draft Amendments are best treated in one category or another, depending on the specific practices and processes in place at a particular dealer firm. A fully principles-based approach would allow dealers to make their own determination, with significantly less regulatory guidance, of what activities are included within the definition of structuring, and subsequently which locations required OMSJ designation. However, this approach may introduce additional regulatory uncertainty into dealer supervision. A dealer may require all public finance activities to occur at an OMSJ out of an abundance of caution, which would not reduce any compliance burden. It is for this reason that the MSRB determined this alternative is inferior to the Draft Amendments.

An alternative to extending the 30-business day per year exclusion from municipal branch office registration to 60-business day per year for non-primary residences, would be to extend the 30-business day per year exclusion to 120 business days per year, or approximately 48% of the total business days in a year.[31] The 60 business days per year proposed in the Draft Amendments would account for approximately 23% of total business days a year or about once a week with additional days for added flexibility. This alternative of 120 business days per year would provide even more flexibility for associated persons and further reduce the burden of registering municipal branch offices. However, the MSRB believes that exceeding the threshold of one quarter of all business days of remote work without triggering municipal branch office registration for these locations could jeopardize investor and issuer protection as intended by the current supervisory framework, since these remote working locations are subject to a less stringent dealer inspection requirement than municipal branch offices, consisting of inspections on a regular schedule as opposed to at least every three years. The MSRB therefore believes the Draft Amendments offer a superior approach to this alternative.

[31] The hypothetical number of business days, as percentages, as used in this alternative assumes 260 business days per year.

D. Assessing benefits, costs and effects on competition

The MSRB policy on economic analysis in rulemaking requires consideration of the likely costs and benefits of a draft rule change when the rule change is fully implemented against the context of the economic baselines. The MSRB is currently unable to quantify the economic effects of the Draft Amendments in their totality because not all the information necessary to provide a reasonable estimate is available. Given the limitations on the MSRB's ability to conduct a comprehensive quantitative assessment of the costs and benefits associated with the Draft Amendments, the MSRB has considered these costs and benefits partially in qualitative terms but believes the upfront costs to dealers are relatively minor and benefits should accrue to dealers and investors over time and therefore are expected to exceed costs over time. The MSRB is seeking, as part of this RFC, additional data or studies relevant to the costs and benefits of the Draft Amendments.

(i) Benefits

The MSRB anticipates that dealers would benefit from the new Supplementary Material .06 and .07 in the Draft Amendments regarding the definition of OMSJ and excluded public finance activities. At present, any location with one or more persons engaging in public finance activities that might be considered structuring of public offerings or private placements is likely classified by the dealer under Rule G-27 as an OMSJ in most instances, and as a result, these locations must comply with Rule G-27's accompanying regulatory and compliance requirements. These requirements include the presence of an on-site supervisor qualified as a municipal securities principal and the annual inspection of the location. The Draft Amendments would call out certain excluded public finance activities that support the overall structuring process but would not need to be conducted from a location designated as an OMSJ. More specifically, performing these activities at a given location would not, by itself, qualify the office or location as an OMSJ if no other activities occur at such location that would necessitate OMSJ designation. The MSRB expects that dealers would benefit from a reduction in expenses related to staffing and supervising an OMSJ without harming issuer and investor protection.

In addition, the proposed extended 60-business day exclusion for locations, other than a primary residence, that would otherwise be deemed as a municipal branch office provides dealers' associated persons the ability to work from locations that are not their primary residence, such as a vacation or second home, once per week (with a small additional buffer for flexibility) without triggering municipal branch office registration. The MSRB believes the extension would lessen the compliance burden for firms by requiring fewer municipal branch office registrations and not materially reduce any protection for investors and issuers given the widespread adoption of a culture of hybrid work environments.

(ii) Costs

The MSRB acknowledges that dealers would likely incur minor costs due to the Draft Amendments, relative to the baseline state (current state). Dealers would be expected to incur one-time, upfront costs related to revising policies and procedures along with ongoing compliance costs with the Draft Amendments. Table 1 shows that firms would incur one-time upfront costs of approximately $3,430. The MSRB also identified one area of ongoing costs to total approximately $1,214 for the purpose of ensuring compliance. On aggregate, the MSRB believes these upfront and ongoing costs are minor. In addition, it is the MSRB's belief that investors and issuers would not realize any material reduction in protections from the Draft Amendments as the key components of the structuring process would remain under the supervision of a public finance professional(s) associated with an OMSJ and all activities in this process would continue to be subject to the same fair practice and supervisory obligations established under MSRB rules. In summary, the MSRB anticipates that the benefits, as described above, would outweigh the costs over time.

Table 1. Upfront and Partial Ongoing Costs for Dealers[32]

Cost Components	Hourly Rate	Number of Hours	Cost per Firm
Upfront Costs			
a) Revision of Policies and Procedures			
Compliance Manager	$ 391	2	$ 782
In-House Compliance Counsel	$ 461	1	$ 461
Outside Legal Counsel	$ 628	1	$ 628
Director of Compliance	$ 607	1	$ 607
Chief Compliance Officer (CCO)	$ 690	0.5	$ 345
			$ 2,823
b) Training and Education			
Director of Compliance	$ 607	1	$ 607
			$ 607
Total Upfront Costs			**$ 3,430**
Ongoing Costs			
a) Compliance Review			
Director of Compliance	$ 607	2	$ 1,214
Total Ongoing Costs			**$ 1,214**

[32] The hourly rates data is gathered from the Commission's filing on "Amendments Regarding the Definition of "Exchange" and "Alternative Trading Systems (ATSs) That Trade U.S. Treasury and Agency Securities, National Market System (NMS) Stocks, and Other Securities." *See* Exchange Act Release No. 94062 (January 26, 2022), 87 FR 15496, 15624 (March 18, 2022) (File No. S7–02–22). The Commission's economic analysis utilizes the Securities Industry and Financial Markets Association, Management & Professional Earnings in the Securities Industry—2013 Report for the hourly rates of various financial industry market

(iii) Effect on Competition, Efficiency, and Capital Formation

The MSRB believes that the Draft Amendments would neither impose a burden on competition nor hinder capital formation, as the Draft Amendments are applicable to all dealers. The Draft Amendments would improve the municipal securities market's operational efficiency and promote regulatory certainty by providing dealers with greater flexibility in achieving regulatory obligations outlined in Rule G-27. At present, the MSRB is unable to quantitatively evaluate the magnitude of the efficiency gains or losses but believes the benefits of greater flexibility are accumulated over time for all market participants and would outweigh the upfront costs of revising policies and procedures as well as the ongoing compliance and recordkeeping costs by dealers.

Input Sought on Further Stages of Retrospective Rule Review

As noted above, the Draft Amendments represent an early stage of the MSRB's broader retrospective review of Rule G-27 in the context of current practices and the likely evolution of practices into the future. While the Draft Amendments are designed to provide greater clarity to dealers within the current supervisory construct, the MSRB seeks input that may encompass both further incremental changes or narrowly focused clarifications as well as suggestions on potential alternative approaches to reimagining some or all components of the supervisory process, while ensuring the protections afforded to customers and other market participants.

In conjunction with this retrospective rule review, the MSRB has reviewed comments received by FINRA in response to a pair of regulatory notices seeking comment on modernizing its rulebook and, more specifically, its rules relating to the organization and operation of FINRA member workplaces.[33] The MSRB welcomes feedback from commenters on the extent to which such comments – as applicable to dealer supervisory requirements – should be viewed by the MSRB as potentially applying to MSRB Rule G-27 and with respect to which the MSRB should seek to remain harmonized with supervisory rules applicable to FINRA members that do business in other sectors of the securities market. Relatedly, the MSRB seeks market participants' views on any areas where, due to factors unique to the municipal securities market, the MSRB should consider supervisory requirements that may differ from FINRA requirements.

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professionals. To compensate for inflation, the data reflects the third quarter of 2025 hourly rate level after adjusting for the annual cumulative wage inflation rate of 46% between 2013 and 2025. *See* The Federal Reserve Bank of St. Louis Employment Cost Index: Wages and Salaries Private Industry. The number of hours for each task is based on the MSRB's internal estimate.

[33] *See* FINRA Regulatory Notice 25-04, FINRA Launches Broad Review to Modernize Rules Regarding Member Firms and Associated Persons (March 12, 2025) (notice and comment letters available at https://www.finra.org/rules-guidance/notices/25-04) and FINRA Regulatory Notice 25-07, FINRA Requests Comment on Modernizing FINRA Rules, Guidance, and Processes for the Organization and Operation of Member Workplaces (April 14, 2025) (notice and comment letters available at https://www.finra.org/rules-guidance/notices/25-07).

Questions

The MSRB acknowledges that making major changes to the existing supervisory framework will require coordination among self-regulatory organizations and state securities regulators. Therefore, the questions below are intended to help the MSRB better understand and prioritize immediate initiatives during its retrospective rule review, as it collaborates with others on developing a long-term vision for reimagining the supervisory framework. Since this request for comment seeks input on the full range of supervisory obligations under Rule G-27, commenters should not view the following questions as limiting the scope of issues that they should feel free to address.

<u>Structuring of Public Offerings or Private Placements</u>

1. What public finance functions should fall under the category of "structuring of public offerings or private placements"?

2. What public finance functions should not fall under the category of "structuring of public offerings or private placements"?

3. How should Rule G-27 differentiate between public finance functions that must be conducted at an OMSJ and those that could be conducted at other offices?

4. Is the industry clear on the definition of "structuring of public offerings or private placements"?

5. Do firms define the function of structuring as a combination of public finance banking activities and underwriting activities? If so, which tasks are considered public finance banking activities and which are underwriting activities.

6. If there is a clear distinction between public finance banking activities and underwriting activities, should the MSRB clarify which of those distinct functions would be deemed to take place at an OMSJ? If, in contrast, there is a lack of clarity on this distinction, should the MSRB avoid using the public finance banking and underwriting activities terminology?

<u>30-Business Day Exclusion</u>

7. Should the 30-business day exclusion from the branch office definition under Rule G-27(g)(ii)(A)(3) be extended to 60 business days per calendar year?

8. Should the MSRB consider a number other than 60 business days per calendar year for the exclusion under Rule G-27(g)(ii)(A)(3)?

9. Pursuant to Rule G-27(g)(ii)(C), a "business day" does not include any partial business day, as long as the associated person spends at least four hours at their designated municipal branch office during normal business hours. Should the MSRB consider allowing dealers to define what constitutes a "business day," for purposes of greater operational efficiencies in tracking associated persons' compliance with the rule?

10. Are there any other suggestions regarding the 30-business day exclusion from the branch office definition under Rule G-27(g)(ii)(A)(3)?

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11. Given modern communication technology is allowing for transactions in municipal securities to be effected anywhere, does the definition of municipal branch office need to be updated in some respects? Rule G-27(g)(ii)(A) defines a municipal branch office as any location where one or more associated persons of a dealer regularly conducts the business of effecting any transactions in, or inducing or attempting to induce the purchase or sale of any municipal security, or is held out as such. Should the MSRB define *regularly* for purposes of aiding a dealer's understanding of whether to classify a location as a municipal branch office? If the MSRB were to define *regularly* as three or more days per week would dealers find this brightline test helpful?

12. The primary residence exception by and large tracks the limitations on the use of a private residence under the Commission's records preservation rule, Exchange Act Rule 17a-4. Should the primary residence exception be changed to a private residence exception for regulatory consistency, and the permitted activities at these locations be broadened beyond those covered by the RSL classification, such as allowing for the structuring of public offerings or private placements and order execution/market making, if certain conditions are met?

13. In addition to the Draft Amendments, what other areas of Rule G-27 should the MSRB consider reviewing as part of the Rule G-27 retrospective rule review?

14. Should the MSRB consider retiring any current Rule G-27 interpretive guidance? Please be specific.

Other

15. Would the Draft Amendments result in a disproportionate and/or undue burden for small dealers?

16. Would the Draft Amendments negatively impact small dealers' access to business opportunities?

17. Could the Draft Amendments result in any inadvertent negative implications for dealers, investors or issuers, or marketplace fairness and efficiency more generally?

. . . . . .

Text of Draft Amendments*

Rule G-27: ~~Supervision~~ Supervisory and Compliance Obligations of Brokers, Dealers and Municipal Securities Dealers

(a) - (f) No change.

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

(i) "Office of municipal supervisory jurisdiction" means any office of a dealer at which any one or more of the following functions take place with respect to municipal securities, subject to Supplementary Material .06 of this Rule:

(A) – (G) No changes.

(ii) (A) A "municipal branch office" is any location where one or more associated persons of a dealer regularly conducts the business of effecting any transactions in, or inducing or attempting to induce the purchase or sale of any municipal security, or is held out as such, excluding:

(1) – (2) No change.

(3) Any location, other than a primary residence, that is used for municipal securities activities for ~~less than 30~~ 60 business days or fewer in any one calendar year, provided the dealer complies with the provisions of clauses (ii)(A)(2)(a) through (h) above;

(4) – (7) No change.

(B) – (C) No change.

(iii) – (vi) No change.

* Underlining indicates new language; strikethrough denotes deletions.

Supplementary Material

.01 - .05 No change.

.06 Exemption from Office of Municipal Supervisory Jurisdiction. A location would not meet the definition of an office of municipal supervisory jurisdiction, as defined under subsection (g)(i), if such location engages in excluded public finance activities, as defined under Supplementary Material .07 of this rule, which would not be deemed structuring, and does not engage in any other activity that would require office of municipal supervisory jurisdiction designation. If a location satisfies the conditions set forth in subparagraph (g)(ii)(A)(2)(a) through (h) of this rule, to exclude it from the definition of municipal branch office under paragraph (g)(ii)(A) of this rule, such location that is an associated person's primary residence from which excluded public finance activities are conducted would be deemed a non-branch location, as long any associated person does not engage in any other activities that would require designation of such location as an office of municipal supervisory jurisdiction.

. 07 Excluded Public Finance Activities. Notwithstanding paragraph (g)(i)(B) of Rule G-27, the term "excluded public finance activities" is defined as activities that are associated with the structuring of public offerings or private placements, including but not limited to debt modeling, financial analysis, number running and solicitation of issuers or obligated persons for the dealer's investment banking services in connection with municipal securities (i.e., public finance banking services), but do not include final approval of any bespoke recommendation, commitment of dealer capital or other formal action with respect to a public offering or private placement conducted by the dealer. The aforementioned activities do not serve as an exhaustive list of activities that would be deemed excluded public finance activities, and other activities in furtherance of a public offering or private placement could be deemed excluded public finance activities if the dealer can demonstrate that such other activities do not include final approval of any bespoke recommendations or commitment of dealer capital on behalf of the dealer with respect to a public offering or private placement, or the solicitation of issuers or obligated persons for the dealer's investment banking services in connection with municipal securities (i.e., public finance banking services).

ALPHABETICAL LIST OF COMMENT LETTERS ON NOTICE 2026-01 (JANUARY 14, 2026)

1. American Securities Association: Letter from Jessica R. Giroux, Chief Legal Officer, dated March 16, 2026
2. Bond Dealers of America: Letter from Michael Decker, Senior Vice President, Research and Public Policy, dated March 16, 2026
3. Peg Henry LLC: Letter from Margaret C. (Peg) Henry, Sole Member, dated March 6, 2026
4. Securities Industry and Financial Markets Association: Letter from Leslie M. Norwood, Managing Director and Associate General Counsel, Head of Municipal Securities, dated March 16, 2026

american securities association
America's Voice for Main Street's Investors

March 16, 2026

Ronald W. Smith
Corporate Secretary
Municipal Securities Rulemaking Board
1300 I Street, NW
Washington, DC 20005.

Re: Request for Comment on Draft Amendments to MSRB Rule G-27, Dealer Supervision (MSRB Notice 2026-01)

Dear Mr. Smith,

The American Securities Association[1] (ASA) appreciates the opportunity to comment on the Municipal Securities Rulemaking Board's (MSRB) request for comment on amendments to Rule G-27 (Dealer Supervision). The ASA represents Main Street broker-dealers that serve retail investors, municipalities, and other local institutions across the country. Our members support the MSRB's retrospective rule review and efforts to modernize Rule G-27 in light of current business practices.

I. Support for Proposal and Structuring Clarification

ASA supports the MSRB's proposal to clarify "structuring of public offerings or private placements" in the definition of an office of municipal supervisory jurisdiction (OMSJ). This clarification should reduce uncertainty about which public finance activities trigger OMSJ designation.

We request confirmation that the following support activities, standing alone, do not require OMSJ designation: preliminary data analysis and modeling; drafting presentations and materials for issuer meetings; routine data gathering and document coordination; and running standard debt capacity or sensitivity analyses using established firm models controlled by senior personnel.

II. Modernizing Supervision for Hybrid Work Environments

ASA urges the MSRB to modernize Rule G-27 so that supervision is not anchored primarily to physical locations. Firms now use technology-enabled tools—trade surveillance systems,

[1] ASA is a trade association that represents the retail and institutional capital markets interests of regional financial services firms who provide Main Street businesses with access to capital and advise hardworking Americans how to create and preserve wealth. ASA's mission is to promote trust and confidence among investors, facilitate capital formation, and support efficient and competitively balanced capital markets. This mission advances financial independence, stimulates job creation, and increases prosperity. ASA has a geographically diverse membership base that spans the Heartland, Southwest, Southeast, Atlantic, and Pacific Northwest regions of the United States.

electronic communications monitoring, workflow approvals, and video collaboration—to supervise activities regardless of where personnel are physically located.

A. **One-Person Offices.** The current framework creates unnecessary compliance burdens by requiring OMSJ designation (and principal licenses) for one-person offices engaged in underwriting, trading, or public finance activities. An individual cannot supervise themselves yet must hold supervisory credentials merely to satisfy location-based registration requirements. These offices typically operate under centralized oversight, including commitment committee review, automated surveillance, and multilayered approval workflows that provide effective supervision regardless of physical location.

B. ASA recommends that the MSRB:

- Acknowledge technology-enabled, virtual supervision within Rule G-27 or its supplementary material;
- Clarify that effective supervision may be achieved through centralized electronic controls rather than on-site presence;
- Tie OMSJ designation to actual supervisory responsibility, not office headcount or activity type; and
- Create a carve-out for one-person offices engaged solely in trading or production activities where the individual has no supervisory responsibilities.

III. Branch Office Framework and 60-Business-Day Extension

ASA supports extending the exclusion for non-primary residential locations from 30 to 60 business days. This change better aligns with hybrid work patterns and eases administrative tracking of occasional remote work. We encourage the MSRB to consider additional flexibility tied to supervisory risk rather than fixed day counts, and to explicitly recognize that firms may rely on centralized electronic surveillance to manage remote work.

IV. Coordination with FINRA on Remote Supervision

ASA encourages close coordination with FINRA on office definitions, residential supervisory locations, and remote inspections to avoid duplicative frameworks. Firms participating in FINRA's Remote Inspections Pilot Program report that remote inspections, when paired with risk assessments and clear written procedures, have enabled more frequent, targeted reviews focused on higher-risk activities while materially reducing travel costs. Remote access to electronic records, exception reports, and digital workpapers often produces a more complete picture of activity than traditional on-site inspections.

We encourage the MSRB to allow remote inspections under Rule G-27 where a firm's risk assessment, technology, and written procedures support this approach, and to ensure municipal supervisory expectations remain aligned with FINRA's evolving framework.

V. Trading and Remote Work

As part of its supervisory review, ASA encourages the MSRB to confirm that traders and market-makers need not be located in an OMSJ solely due to their activity type when appropriate systems and controls are in place. Traders in remote locations operate under strict desk limits, real-time electronic monitoring, multilayered trade approvals, and exception reporting systems. Transaction-based oversight through centralized surveillance provides more effective supervision than location-centric designations.

We emphasize that location-based supervisory frameworks are increasingly misaligned with institutional municipal securities activities performed across varied locations. Transaction-based oversight—through automated surveillance, workflow approvals, and committee reviews—provides more effective supervision than physical presence requirements.

ASA recommends a principles-based framework recognizing that:

- Supervisory licenses should be tied to supervisory responsibility, not office designation or physical presence
- Firms' existing multilayered supervisory systems—including desk oversight, commitment committees, and electronic monitoring—constitute effective supervision regardless of personnel location
- One-person offices should not require principal licenses absent actual supervisory responsibilities

VI. Implementation

ASA recommends a 12- to 18-month implementation period after SEC approval to allow firms to update policies, procedures, location designations, and surveillance tools. A phased or risk-based implementation would be particularly helpful for smaller and mid-sized Main Street firms with limited compliance staff.

VII. Conclusion

ASA appreciates the MSRB's efforts here and we encourage the MSRB to continue its retrospective review with a focus on risk-based, technology-neutral supervision that eliminates redundant location-based requirements and works effectively for hybrid work environments.

Sincerely,

Jessica Giroux

Jessica R. Giroux
Chief Legal Officer
American Securities Association

Bond Dealers of America

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Ronald W. Smith
Corporate Secretary
Municipal Securities Rulemaking Board
1300 I Street NW
Washington DC 20005

Transmitted via Web site

March 16, 2026

Dear Mr. Smith,

The Bond Dealers of America welcomes the opportunity to provide comments on MSRB Notice 26-01, "Request for Comment on MSRB Rule G-27 on Dealer Supervision" (the "Proposal"). BDA is the only DC-based group exclusively representing the interests of securities dealers and banks focused on the US fixed income markets.

The Proposal seeks to provide a definition for "structuring of public offerings or private placements" in the context of Rule G-27 and proposes to increase the 30-business-day exception from branch office registration for locations other than primary residences. BDA generally supports both proposals with additional recommendations. In addition, we urge the Board to consider additional amendments to Rule G-27 to provide more flexibility to supervise all categories of employees remotely, including traders.

As the industry has demonstrated for the last six years since the first pandemic lockdowns, it is possible to effectively supervise employees remotely, and MSRB rules should reflect this reality in general. Rule G-27 requires each MSRB dealer to "establish and maintain a system to supervise the municipal securities activities of each registered representative, registered principal, and other associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable Board rules."

Rule G-27 is largely location-based. The Rule specifies generally that certain outward-facing activities a municipal securities firm engages in, such as order execution or market making or structuring of public offerings or private placements, among others, must be conducted in an office of municipal supervisory jurisdiction (OMSJ) or a branch office. OMSJs and branch offices must be designated, registered and have a properly licensed on-site principal.

In 2023 the SEC approved amendments to Rule G-27 that allow a firm to designate certain primary residences as Residential Supervisory Locations (RSL) where certain supervisory activities may take place without the location being designated as a branch office or OMSJ. The Board also initiated a 3-year remote inspection pilot program for RSLs. Notably, two key activities are not permitted to be conducted in a RSL and must be conducted on an OMSJ: order execution or market making and structuring of public offerings or private placements (“Structuring”).

The MSRB’s location-based supervision model is antiquated and obsolete. Principals no longer supervise their employees through physical proximity. They use technology which is not location-dependent whatsoever. The idea that certain activities can only be performed in certain offices with certain designations is not consistent with how modern broker-dealers are managed and operated. We welcome the Board’s openness to addressing these issues.

Structuring of public offerings or private placements

Rule G-27 does not currently define Structuring. Various BDA member firms have interpreted that provision differently, and the confusion has led to a lack of consistency in how this element of Rule G-27 is complied with. That is why we welcome the Board’s proposed definition of Structuring to provide clarity and consistency around the issue.

The Proposal would clarify that structuring is “final approval of any bespoke recommendation, commitment of dealer capital or other formal action with respect to a public offering or private placement conducted by the dealer.” It would explicitly exclude from the definition “debt modeling, financial analysis, number running and solicitation of issuers or obligated persons for the dealer’s investment banking services in connection with municipal securities.”

We generally agree with the proposed clarification. We point out that every firm is different with respect to internal processes that lead to final approval. In some cases an internal committee makes the final decision to approve a transaction. In some cases it may be an investment banking lead banker, supervisor, or underwriter. As is typical with respect to compliance implementation, we expect each firm will include in their written supervisory procedures their own specific process around final approval. We urge the Board to provide as much flexibility as possible around the specifics each firm might identify as their own process for final approval.

For the sake of clarity, we ask that the clarification of Structuring be exclusive, meaning that it defines examples of what may be included in the definition and types of activities not in the definition which would be outside the scope of this provision of the Rule. The Rule clarification would specify that any activity which is not final approval would not be Structuring. A bespoke recommendation by itself, without final approval of the transaction, for example, would not be Structuring, and an exclusive definition would make that clear. It is important that the Rule interpretation allow firms to define a single, clear moment or event that meets the criteria for Structuring and not lead to a misinterpretation that multiple events within a transaction would be Structuring, requiring principal approval and OMSJ registration of any location from which a particular associate performs any of those events at any given moment.

30-business day exclusion

The Proposal would amend Rule G-27(g)(ii)(3), the provision of the Rule that governs supervision of employees at remote locations other than primary residences. Under the current Rule, the definitions of RSL, branch office, and OMSJ exclude locations other than primary residences where employees who engage in OMSJ activities work for less than 30 business days per year. The Proposal would extend that provision to 60 days.

We appreciate the MSRB's desire to provide more flexibility around supervising associates remotely. And we recognize that the Board limited itself in the Proposal to initiatives that would not cause Rule G-27 to deviate from the FINRA supervision regime. As we have argued to the Board many times, coordination between the MSRB and FINRA should be a top priority for both agencies.

However, under the proposal, the unjustified distinction between a primary residence and other locations would remain in place. There is no functional or qualitative difference between supervising an employee when they are at their primary residence and when they are at a vacation home or other residential location other than primary residence. The Board has offered no reasoning why this distinction must remain in the Rule. We urge the MSRB to use this rulemaking process to specify that employees subject to supervision can work and be supervised remotely for up to 60 business days per year regardless whether those days are spent at a primary residence or other location.

The means many firms have adopted to provide work flexibility to associates who engage in OMSJ activities is to designate associates' homes as OMSJs and for associates to obtain a Series 53 Principal licenses even though they are the only ones working in their homes and are not supervising anybody. It also means homes must be physically inspected annually. OMSJs do not qualify for the remote inspection pilot program. One-person, home-based OMSJs are not what the Board had in mind when the current supervision scheme was devised.

In fact, this one-person OMSJ problem has always existed within the Rule for non-residential locations—the "onesie" office location where a single associate works, for which (if a registered person is engaging in OMSJ activities) it is somehow required that that sole associate be the on-site principal for the purpose presumably of supervising themselves. The BDA again asks the MSRB to consider this fact pattern and amend its Rule interpretation to remove not only the antiquated concept of physical supervision requirements but also the unintended burden of technical Rule compliance with no possible substantive benefit.

Traders

While the BDA applauds the effort to address Structuring for municipal investment bankers, the MSRB has yet to consider associates who “effect transactions in, or induce or attempt to induce the purchase or sale of any municipal security” (“Traders”). We recognize the Board’s desire to take a measured approach to amending Rule G-27 so as not to cause the Rule to deviate from FINRA’s supervision regulations. However, the means dealers use to supervise Traders’ activity is not location based but technological. Supervisors are able to monitor in real time all the activities of the traders they oversee using software and connectivity. Supervisors can monitor transactions, risk positions, hedges, communications with customers and trading counterparties, and virtually any element of a Trader’s activities. And these processes work the same whether the trader is sitting at the next desk or 1,000 miles away.

Location is no longer relevant to broker-dealer supervision. During the pandemic, most traders were working remotely on a daily basis for months, and there were no systemic lapses in supervision across the industry. Even FINRA and SEC examinations of dealers took place remotely and largely still do. The days of a principal supervising a trader by standing over her shoulder watching her work are long past. Supervisory requirements that restrict the location where certain activities can be performed are obsolete. We urge the MSRB and FINRA to work together going forward to make more fundamental changes to both supervision regimes so that regulations better reflect the realities of the business.

Broader considerations

The Proposal states “The MSRB does not believe that the Draft Amendments described herein would impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act.” While we generally agree that the Proposal would not impose any greater burdens on competition than the current Rule, we also believe the MSRB should, when possible, structure its rules to maximize efficiency without sacrificing investor or issuer protection.

We expect the Board to identify inefficiencies in the regulatory environment (including the current supervision rules) that become unnecessary and obsolete as the financial industry adapts to changes in technology and moves toward a digital and increasingly remote environment. The effects on competition should not be viewed solely in terms of one product or one market or one rule provision but holistically across the entire landscape of the financial markets and the technological advances that affect competition across the industry. The current location-based supervision regime results in the kinds of across-the-industry inefficiencies that make every firm less competitive.

These inefficiencies and lack of flexibility are affecting the ability to attract talent to the municipal business. Non-dealer Municipal Advisors compete directly for talent with municipal Broker-Dealers, and MAs have no restrictions at all on work locations. The “buy side” and emerging financial industries like cryptocurrencies and tokenization also recruit from the same talent pool and also are not burdened by location-based supervision. The obsolescence of the MSRB’s supervision regime will continue to make the industry less competitive without more flexibility around remote supervision.

Firms have been successfully supervising all categories of employees remotely for years. Reasonable changes like the Proposal’s definition of Structuring and a more flexible remote supervision regime for Traders would ensure implementation costs to firms are minimal in the short-term because those remote supervision systems are already in place, but would result in significant long-term efficiencies and cost reductions.

Training and standards of conduct have been in place since the pandemic and easily could be enhanced with minimal cost. Firms are already using e-delivery, e-signatures, etc. (no in-person, physical requirements for signing or delivering important documents). Firms’ IT systems are geared toward remote work, including centralized email review and retention, centralized trading platforms, centralized supervisory reporting lines, etc. And firms are already successfully remotely supervising outsourced jobs and third-party vendors. FINRA, the SEC, and other financial regulators have embraced remote work, remote supervision, and remote inspections for their own needs.

Conclusion

The BDA appreciates the MSRB’s efforts to modernize Rule G-27 through the proposed definition of "Structuring" and the extension of the business-day exclusion for remote locations. However, we urge the Board to recognize that technology has fundamentally decoupled supervision from physical geography. By adopting a more flexible, technology-centered approach—particularly for the supervision of Traders—the Board can eliminate antiquated inefficiencies while maintaining the high standards of compliance and protection that the market requires. We look forward to continuing this dialogue as the Board adapts its regulatory framework to the digital age.

Sincerely,

Michael Decker
Senior Vice President, Research and Public Policy

Peg Henry PLLC[1]

March 6, 2026

VIA ELECTRONIC SUBMISSION
Ronald W. Smith
Corporate Secretary
Municipal Securities Rulemaking Board
1300 I Street NW, Suite 1000
Washington, DC 20005

Re: MSRB Notice 2026-01 – Request for Comment on MSRB Rule G-27 on Dealer Supervision

Dear Mr. Smith:

I appreciate the opportunity to comment on MSRB Notice 2026-01 (the "Notice").[2]

The Notice provides useful clarity on the definition of "structuring," as that term is used in MSRB Rule G-27(g)(i) ("office of municipal supervisory jurisdiction" or "OMSJ"). At the same time, that clarity highlights the fact that the very term "office of municipal supervisory jurisdiction" or "OMSJ" is an anachronism that should be eliminated.

By process of elimination from the defined term "excluded public finance activities," the term "structuring" is deemed to include "final approval of any bespoke recommendation, commitment of dealer capital or other formal action with respect to a public offering or private placement conducted by the dealer."[3]

When read in conjunction with MSRB Rule G-27 Supplementary Material .06, it appears that an individual with a Series 53 supervisory license may supervise "excluded public finance activities" from the supervisor's primary residence, but may not engage in "structuring" from that residence. That suggests, for example, that the supervisor would need to go to the dealer's office to sign a bond purchase agreement, which formally commits the underwriting firm to a municipal securities transaction.

If that is the MSRB's intention, respectfully, that supervisory model is outdated as it pertains to public finance activities. The whole concept of "office of municipal supervisory

[1] Peg Henry PLLC provides municipal securities legal consulting and expert witness services. Margaret C. (Peg) Henry is the sole member of Peg Henry PLLC.
[2] MSRB Notice 2026-01 (Jan. 14, 2026).
[3] MSRB Rule G-27 Supplementary Material .07.

jurisdiction" seems to have been developed by analogy to a retail brokerage system in which individual investors come to their brokers' offices to receive advice on investments and to effect transactions. Even that retail brokerage system has been replaced in recent years by telephone and email. However, it has never applied to public finance banker activity. Public finance bankers go to their issuer clients, not the other way around.

There is certainly no supervisory benefit to be gained by requiring a bond purchase agreement to be signed in a dealer's office, rather than a residence, when the signed bond purchase agreement will be scanned and emailed to the relevant parties. That can easily be done from the supervising banker's residence. Indeed, that process can be accomplished from many settings, such as hotel guest business facilities, as long as an electronic record is maintained. Furthermore, the underwriting desk for the transaction may be in a completely separate location from the banker. Indeed, the supervising underwriter may be working from home as well. The efficacy of such a system of remote supervision was demonstrated during the COVID-19 pandemic, although its applicability to public finance bankers far preceded the pandemic.

MSRB Rule G-27(b) provides:

> Each dealer shall establish and maintain a system to supervise the municipal securities activities of each registered representative, registered principal, and other associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable Board rules. Final responsibility for proper supervision shall rest with the dealer.

If a dealer is comfortable that it can maintain reasonable supervision of its public finance employees who work from home or other locations by, for example, electronic means such as telephone, Zoom, Teams, or WebEx, that should be the dealer's prerogative. Some dealers may require their employees to work from the dealers' offices. Their judgments as to which supervisory model to adopt will be evaluated during FINRA and SEC exams and, as needed, appropriate sanctions levied for failure to supervise.

I would like to address one statement in the Notice's section on Economic Analysis. The MSRB suggests that eliminating the "office of municipal supervisory jurisdiction" from MSRB G-27 would be burdensome for dealers also subject to FINRA jurisdiction. I disagree. A dealer's procedures may always dictate compliance with FINRA's more burdensome supervisory rules. That imposes no cost on the dealer. The MSRB should eliminate its current burdensome OMSJ rule and encourage FINRA to make similar changes to its OSJ rule.

I realize that various market participants may provide more detailed comments on the various aspects of your proposals, but wanted to limit mine to remote supervision by electronic means. My comments are provided in light of the MSRB's statements in the Notice that the proposals in the Notice are a "first step intended to address requests from market participants for greater flexibility in the manner in which dealers engage in what is colloquially referred to as public finance activities." I hope that the MSRB will find my comments useful as it proceeds with the "next step" in its evaluation of remote municipal supervision.

Thank you for considering my comments. If a fuller discussion of my comments would be helpful, I can be reached at 202-579-6622 or peghenryPLLC@outlook.com.

Very truly yours,

Peg Henry

Margaret C. (Peg) Henry
Sole Member

March 16, 2026

VIA ELECTRONIC SUBMISSION
Ronald W. Smith
Corporate Secretary
Municipal Securities Rulemaking Board
1300 I Street NW, Suite 1000
Washington, DC 20005

Re: MSRB Notice 2026-01 – Request for Comment on MSRB Rule G-27 on Dealer Supervision

Dear Mr. Smith,

SIFMA[1] appreciates this opportunity to provide input on MSRB Notice 2026-01[2], and applauds the MSRB's forward-thinking efforts to modernize its rules to reduce undue compliance burdens on regulated entities while continuing to provide appropriate investor and issuer protections. In furtherance of this goal the MSRB should:

- eliminate all location-based concepts of supervision, recognizing that functional-based supervision comports with how business and supervision is conducted today and how regulators operate in the current electronic workplace;
- if that is not possible at this time,
  - approve the draft amendments that increase the length of the exclusion from the municipal branch office registration for locations other than a primary residence from 30 business days to 60 business days; and
  - approve, with our suggested edits, the draft amendments which clarify that the term "structuring" in the definition of "office of municipal supervisory jurisdiction" does not include "public finance activities."

[1] SIFMA is the leading trade association for broker-dealers, investment banks and asset managers operating in the U.S. and global capital markets. On behalf of our industry's nearly 1 million employees, we advocate for legislation, regulation and business policy, affecting retail and institutional investors, equity and fixed income markets and related products and services. We serve as an industry coordinating body to promote fair and orderly markets, informed regulatory compliance, and efficient market operations and resiliency. We also provide a forum for industry policy and professional development. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA).

[2] MSRB Notice 2026-01 (Jan. 14, 2026).

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I. The MSRB Should Eliminate All Location-Based Concepts of Supervision, Recognizing that Functional-Based Supervision Comports with How Business and Supervision is Conducted Today and how Regulators Operate in the Current Electronic Workplace

SIFMA is very pleased the MSRB has taken the opportunity to review MSRB Rule G-27, on dealer supervision, considering the changes to the modern workplace.[3] SIFMA appreciates that the MSRB has begun to address some of the longstanding issues with Rule G-27. SIFMA thanks the MSRB for its creativity and feels strongly that this is a unique opportunity for the MSRB to make additional amendments to Rule G-27 so that the rule not only reflects how business and supervision is conducted today and how regulators operate in the current electronic workplace, but also positions the rule to cover inevitable future developments, including paperless workflows, around the clock trading cycles, and tokenized securities.

Rule G-27 was originally adopted when business was conducted in person, with paper documents, in offices that custodied cash and/or securities. All documents and processes are now electronic and moving to or have moved to cloud storage where they are not even stored in computer hardware at a work location. Physical securities no longer exist, and funds are moved electronically. The current supervision rule creates unwitting challenges, including requirements for there to be a supervisor in a "onesie" one-person office even though that supervisor has no supervisory capabilities because they cannot supervise themselves.

It is not lost on the industry that despite Rule G-27 having requirements for location-based supervisions, virtually all SEC and FINRA examinations since 2020 have been conducted in an effective manner either largely or completely electronically. If the regulators are able to effectively conduct remote examinations of broker-dealers and carry out other statutory obligations via fully remote or hybrid work arrangements, then broker-dealers should be able to effectively conduct remote supervision themselves.

Comparatively, MSRB Rule G-44, on supervisory and compliance obligations of municipal advisors, has no location-based supervision requirements. Municipal advisors have been able to effectively supervise their compliance with MSRB rules without location-based requirements since the adoption of Rule G-44. Further, if the SEC and FINRA can conduct effective examinations on municipal advisors who operate without regulatory burdens mandating location-based supervision, as they have for the past six years, then the SEC and FINRA should similarly be able to conduct effective examinations of broker-dealers without location-based supervision requirements.

SIFMA advocates for the elimination of the definition of an office of municipal supervisory jurisdiction ("OMSJ"). The OMSJ designation was originally intended for physical offices that

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[3] SIFMA also appreciates that FINRA is reviewing its rules on supervision in the modern workplace. *See also,* SIFMA letter on FINRA Regulatory Notice 25-07 (Jul. 14, 2025), https://www.finra.org/sites/default/files/NoticeComment/SIFMA%20Comment%20on%20FINRA%20RN%2025-07%20%28July%2014%202025%29.pdf.

maintained hard copy books and records and carried out supervisory functions through line-of-sight practices, relying on direct, over-the-shoulder oversight to detect potential violations or exceptions. At the time of the OMSJ implementation over 40 years ago, supervisors needed to be physically present in a shared work location to conduct effective supervision. This is no longer the case. Today, technology has removed the need for in-person supervision; rather, supervision is now primarily, and oftentimes exclusively, conducted through firm-wide, centralized, electronic networks that can be accessed by authorized employees with supervisory responsibilities and which provide real-time data regarding employee business activities. In today's workplace, it is not physical presence that enables effective supervision, it is authorized access to the systems which enable effective supervision, and that access is independent of physical location. As a result, the OMSJ designation is outdated. Further, maintaining the OMSJ designation is burdensome without contributing to the quality of overall supervision because it requires firms to devote significant resources to determine whether each remote work location constitutes an OMSJ.[4]

If the municipal securities broker-dealers are to remain competitive in the marketplace relating to the hiring and retaining of highly qualified employees, then we urge the MSRB to eliminate the OMSJ definition. Employers in many sectors of the economy, and other areas of financial services outside of municipal securities broker-dealers, now offer employment opportunities that are partially or completely remote, and that flexibility is very attractive to employees. For municipal securities broker-dealers to be able to attract and retain highly qualified employees, they need flexibility that the current rules do not permit.

If the MSRB does not entirely eliminate the OMSJ designation, in addition to the amendments addressing the definition of "structuring", we ask the MSRB to specifically consider that "order execution" and "market making" are typically conducted through centralized electronic systems and can be effectively surveilled and supervised from any location. At a minimum, the MSRB should allow individuals working from a non-branch office (including remote supervisory locations) to engage in order execution and market making, including order execution that occurs outside of business hours.

Eliminating location-based supervision or, at a minimum, approving the draft amendments, would create minimal burden for the broker-dealer community with the potential for significant operating efficiency. The MSRB's amendments would add needed clarity and create further opportunity for reductions in location-based rule burdens across the regulatory regime applicable to broker-dealers.

II. The MSRB Should Approve the Draft Amendments if it Feels it Cannot Provide Additional Relief at this Time

Although this is a unique opportunity for the MSRB to make additional amendments to Rule G-27, SIFMA appreciates that it may not be possible at this time. Absent the ability to make

[4] *Id*. These arguments follow those already made to FINRA.

further amendments at this time, the proposed amendments should be adopted taking into account the suggested amendments below.

a. <u>The MSRB Should Approve the Draft Amendments that Increase Length of the Exclusion from the Municipal Branch Office Registration for Locations Other than a Primary Residence from 30-Business Days to 60 Business Days.</u>

Barring further amendments, the MSRB should approve the draft amendments that increase the 30-business day exclusion from the municipal branch office registration for locations other than a primary residence to 60 days.[5] As stated above, SIFMA believes that Rule G-27 should not be location-based at all, but expanding this exclusion in any way is helpful to those that work remotely from locations other than their primary residence. The Notice puts forth that the MSRB considered a 120-day exclusion, and SIFMA members believe that is even more helpful than the increase to 60 days. For the reasons discussed above, SIFMA does not agree with the MSRB that such an additional expansion of the exclusion would reduce issuer and investor protections.

b. <u>The MSRB Should Approve the Draft Amendments Which Clarify that the Term "Structuring" in the Definition of "Office of Municipal Supervisory Jurisdiction" Does Not Include "Public Finance Activities."</u>

The draft amendments clarify that the term "structuring of public offerings or private placements" in the definition of "office of municipal supervisory jurisdiction" does not include "public finance activities." SIFMA believes that this amendment is a significant positive development which creates necessary added clarity and recognizes that public finance activities commonly occur at a client site, while traveling, or otherwise away from an OMSJ.

It is important for the MSRB rules to be neutral as to business model or structure. Broker-dealers operate under a variety of business models, structures and processes, many of which impact what is deemed "final approval" of a transaction by a broker-dealer. Proposed Supplementary Material .07 includes language that is unnecessarily prescriptive or potentially confusing.

Therefore, SIFMA proposes the following simplifications to the MSRB's proposed language for Supplementary Material .07:

> . 07 Excluded Public Finance Activities. Notwithstanding paragraph (g)(i)(B) of Rule G27, the term "excluded public finance activities" is defined as activities that are associated with the structuring of public offerings or private placements, including but not limited to debt modeling, financial analysis, number running

[5] If the MSRB cannot eliminate the OMSJ definition, Rule G-27 should treat a primary residence (or preferably, any private residence) the same as a location with a 30/60/120-day exclusion from municipal branch office registration, with the only difference being that a residence should not be time-limited (i.e., an associated person can perform covered activities every day of the year in his or her residence and the residence would not be considered a municipal branch office).

and solicitation of issuers or obligated persons for the dealer's investment banking services in connection with municipal securities (i.e., public finance banking services), but does not include final approval of a transaction.~~ of any bespoke recommendation, commitment of dealer capital or other formal action with respect to a public offering or private placement conducted by the dealer.~~ The aforementioned activities do not serve as an exhaustive list of activities that would be deemed excluded public finance activities, and other activities in furtherance of a public offering or private placement could be deemed excluded public finance activities ~~if the dealer can demonstrate that such other activities do not include final approval of any bespoke recommendations or commitment of dealer capital on behalf of the dealer with respect to a public offering or private placement, or the solicitation of issuers or obligated persons for the dealer's investment banking services in connection with municipal securities (i.e., public finance banking services)~~.

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Thank you for considering SIFMA's comments, and for being a thought-leader among regulatory bodies by envisioning rulemaking that reflects the modern workplace. If a fuller discussion of our comments would be helpful, I can be reached at (212) 313-1130 or lnorwood@sifma.org.

Sincerely,

Leslie M. Norwood
Managing Director and Associate General Counsel
Head of Municipal Securities

cc: ***Municipal Securities Rulemaking Board***
Ernie Lanza, Chief Regulatory and Policy Officer

APPENDIX A

QUESTIONS

Structuring of Public Offerings or Private Placements

1. What public finance functions should fall under the category of “structuring of public offerings or private placements”?

SIFMA members believe that the final approval of a transaction by the broker-dealer is “structuring”.

2. What public finance functions should not fall under the category of “structuring of public offerings or private placements”?

SIFMA members believe that any activity related to a new issuance of municipal securities should fall not under the category of “structuring of public
offerings or private placements,” except for the final approval of the transaction by the broker-dealer.

3. How should Rule G-27 differentiate between public finance functions that must be conducted at an OMSJ and those that could be conducted at other offices?

Rule G-27 should not differentiate functions based on locations.

4. Is the industry clear on the definition of “structuring of public offerings or private placements”?

SIFMA members feel that the final approval of a transaction by a broker-dealer is the “structuring of public offerings or private placements.” Different broker-dealers may have different views and policies on what is deemed “final approval.”

5. Do firms define the function of structuring as a combination of public finance banking activities and underwriting activities? If so, which tasks are considered public finance banking activities and which are underwriting activities.

SIFMA members feel that the final approval of a transaction by a broker-dealer is the “structuring of public offerings or private placements”. Different broker-dealers may have different views and policies on what is deemed “final approval.

6. If there is a clear distinction between public finance banking activities and underwriting activities, should the MSRB clarify which of those distinct functions would be deemed to take place at an OMSJ? If, in contrast, there is a lack of clarity on this distinction, should

the MSRB avoid using the public finance banking and underwriting activities terminology?

The MSRB should eliminate any location-based supervision from Rule G-27 and avoid using the public finance banking and underwriting activities terminology. Firms generally understand what "final approval" means in their business model, and different firms have different internal processes for "final approval."

30-Business Day Exclusion

7. Should the 30-business day exclusion from the branch office definition under Rule G-27(g)(ii)(A)(3) be extended to 60 business days per calendar year?

Yes, if the MSRB cannot eliminate location-based supervision, the 30-business day exclusion from the branch office definition under Rule G-27(g)(ii)(A)(3) should be extended to 60 business days per calendar year.

8. Should the MSRB consider a number other than 60 business days per calendar year for the exclusion under Rule G-27(g)(ii)(A)(3)?

Yes, if the MSRB cannot eliminate location-based supervision, the 30-business day exclusion from the branch office definition under Rule G-27(g)(ii)(A)(3) should be extended to 120 business days per calendar year.

9. Pursuant to Rule G-27(g)(ii)(C), a "business day" does not include any partial business day, as long as the associated person spends at least four hours at their designated municipal branch office during normal business hours. Should the MSRB consider allowing dealers to define what constitutes a "business day," for purposes of greater operational efficiencies in tracking associated persons' compliance with the rule?

Yes, the MSRB should allow dealers to define what constitutes a "business day," for purposes of greater operational efficiencies in tracking associated persons' compliance with the rule.

10. Are there any other suggestions regarding the 30-business day exclusion from the branch office definition under Rule G-27(g)(ii)(A)(3)?

SIFMA believes that the MSRB should eliminate location-based supervision.

Rule G-27

11. Given modern communication technology is allowing for transactions in municipal securities to be effected anywhere, does the definition of municipal branch office need to be updated in some respects? Rule G-27(g)(ii)(A) defines a municipal branch office as

any location where one or more associated persons of a dealer regularly conducts the business of effecting any transactions in, or inducing or attempting to induce the purchase or sale of any municipal security, or is held out as such. Should the MSRB define regularly for purposes of aiding a dealer's understanding of whether to classify a location as a municipal branch office? If the MSRB were to define regularly as three or more days per week would dealers find this brightline test helpful?

Yes, the definition of municipal branch office needs to be updated or, more appropriately, eliminated. If the MSRB feels the need to retain the definition of municipal branch office, then the MSRB should refrain from defining "regularly" to provide flexibility for dealers implementing the rule. It would not be helpful for the MSRB to define regularly as three or more days per week.

12. The primary residence exception by and large tracks the limitations on the use of a private residence under the Commission's records preservation rule, Exchange Act Rule 17a-4. Should the primary residence exception be changed to a private residence exception for regulatory consistency, and the permitted activities at these locations be broadened beyond those covered by the RSL classification, such as allowing for the structuring of public offerings or private placements and order execution/market making, if certain conditions are met?

As described above, SIFMA believes that MSRB should take this opportunity to eliminate location-based supervision from Rule G-27. If the MSRB cannot eliminate the definition of OMSJ at this time, it should change the primary residence exception to a private residence exception and broaden as much as possible the permitted activities at these locations beyond those covered by the RSL-exception.[6] The MSRB rules should eliminate restrictions on employee work locations. Decisions regarding employee work locations should be determined by the broker-dealer employer, considering their business model and any reasonable supervisory policies and procedures.

13. In addition to the Draft Amendments, what other areas of Rule G-27 should the MSRB consider reviewing as part of the Rule G-27 retrospective rule review?

The Notice "seeks comments more broadly on additional areas of Rule G-27 that should be included in the MSRB's retrospective rule review." An area that is overdue for review and revision is G-27(f), which has highly prescriptive provisions regarding firms' testing of written supervisory procedures and verifying that the procedures are effective. Among these provisions are detailed requirements for supervision of "producing managers." These requirements were

[6] As set forth in footnote 5, if the MSRB cannot eliminate the municipal office of supervisory jurisdiction definition, a primary (or preferably, private) residence and a location with a 30/60/120-day exclusion from municipal branch office registration should have the same status under the Rule, with the only difference being that a primary (private) residence is not time-limited (i.e., a {representative} can perform {municipal functions} every day of the year in his or her primary (private) residence and the primary (private) residence would not be considered a municipal branch office).

modeled on requirements in FINRA's supervision rule, yet FINRA recognized the benefits of a more flexible approach regarding supervision of managers and eliminated these requirements over ten years ago.[7] FINRA Rules 3110 and 3120 now have far less detail yet still address the need to properly supervise managers by requiring that procedures prohibit, for example, supervisors from supervising their own activities or reporting to or having their compensation determined by an individual that they supervise.[8] The MSRB should similarly adopt a more flexible approach to supervision of managers as well as the review and testing of procedures.

Also, as described above, SIFMA believes that MSRB should take this opportunity to eliminate location-based supervision from Rule G-27.

14. Should the MSRB consider retiring any current Rule G-27 interpretive guidance? Please be specific.

SIFMA members believe that the MSRB should consider updating or retiring a number of pieces of Rule G-27 interpretive guidance, including on the approval of transactions (https://www.msrb.org/Review-and-Approval-Transactions-0 and https://www.msrb.org/Review-and-Approval-Transactions), municipal securities sales activities in branch affiliate and correspondent banks which are Municipal Securities Dealers (https://www.msrb.org/Municipal-Securities-Sales-Activities-Branch-Affiliate-and-Correspondent-Banks-Which-Are-Municipal), and the supervisory responsibility of Municipal Securities Principals and Municipal Securities Sales Principals (https://www.msrb.org/Supervisory-Responsibility-Municipal-Securities-Principals-and-Municipal-Securities-Sales).

Other

15. Would the Draft Amendments result in a disproportionate and/or undue burden for small dealers?

No, the Draft Amendments would not result in a disproportionate and/or undue burden for small dealers.

16. Would the Draft Amendments negatively impact small dealers' access to business opportunities?

No, the Draft Amendments would not negatively impact small dealers' access to business opportunities.

[7] *See,* FINRA Regulatory Notice 14-10 (Mar. 2014).

[8] *See,* FINRA Rule 3110(b)(6).

17. Could the Draft Amendments result in any inadvertent negative implications for dealers, investors or issuers, or marketplace fairness and efficiency more generally?

No, the Draft Amendments would not result in any inadvertent negative implications for dealers, investors or issuers, or marketplace fairness and efficiency more generally. On the contrary, the Draft Amendments would open up the possibility of other regulators harmonizing with more workable rules from the MSRB.

EXHIBIT 5

Rule G-27: [Supervision] Supervisory and Compliance Obligations of Brokers, Dealers and Municipal Securities Dealers

(a) – (f) No Change.

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

(i) "Office of municipal supervisory jurisdiction" means any office of a dealer at which any one or more of the following functions take place with respect to municipal securities, subject to Supplementary Material .06 and .07 of this rule:

(A) – (G) No Change.

(ii) (A) A "municipal branch office" is any location where one or more associated persons of a dealer regularly conducts the business of effecting any transactions in, or inducing or attempting to induce the purchase or sale of any municipal security, or is held out as such, excluding:

(1) – (2) No Change.

(3) Any location, other than a primary residence, that is used for municipal securities activities for [less than 30] 90 business days or fewer in any one calendar year, provided the dealer complies with the provisions of clauses (ii)(A)(2)(a) through (h) above;

(4) – (7) No Change.

(B) – (C) No Change.

(iii) – (vi) No Change.

Supplementary Material

.01 - .05 No Change.

.06 Exemption of Excluded Public Finance Activities from Office of Municipal Supervisory Jurisdiction and Municipal Branch Office Designation. A location would not meet the definition of an office of municipal supervisory jurisdiction, as defined under subsection (g)(i), if any associated persons at such location engage in excluded public finance activities, as defined under Supplementary Material .07 of this rule, which would not be deemed structuring, and do not engage in any other activity that would require office of municipal supervisory jurisdiction designation. If a location satisfies the conditions set forth in subparagraph (g)(ii)(A)(2)(a) through (h) of this rule to exclude it from the definition of municipal branch office under paragraph (g)(ii)(A) of this rule, such location that is an associated person's primary residence from which excluded public finance activities are conducted would be deemed a non-branch location, as long any associated person does not engage in any other activities that would require designation of such location as an office of municipal supervisory jurisdiction.

.07 Definition of Excluded Public Finance Activities. Notwithstanding paragraph (g)(i)(B) of Rule G-27, the term "excluded public finance activities" is defined as activities that are associated with the structuring of public offerings or private placements, including but not limited to debt modeling, financial analysis, number running, and the solicitation of issuers or obligated persons for the dealer's investment banking services in connection with municipal securities (e.g., public finance banking services), but does not include final approval of a public offering or private placement transaction (i.e., structuring) conducted by the dealer. The aforementioned activities do not serve as an exhaustive list of activities that would be deemed excluded public finance activities, and therefore, other activities in furtherance of a public offering or private placement could be deemed excluded public finance activities if the dealer can demonstrate that such other activities do not include final approval of a public offering or private placement transaction conducted by the dealer.

Every dealer shall adopt compliance policies and procedures reasonably designed to make clear what action taken constitutes the final approval of a public offering or private placement transaction (i.e., structuring) conducted by the dealer. Dealers shall take into consideration all relevant factors in determining what action taken constitutes final approval of a public offering or private placement transaction (i.e., structuring) conducted by the dealer to ensure its compliance policies and procedures are reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable Board rules, and evidencing compliance to the appropriate examining authority.