MSRB
Municipal Securities Rulemaking Board

MSRB Notice

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Affected Rules
Rule G-1, Rule G-3, Rule G-20, Rule G-23, Rule G-37

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Request for Comment on Draft Amendments to MSRB Rules to Retire Financial Advisor Terminology Pursuant to the MSRB's Municipal Advisor Retrospective Rule Review (as revised on May 6, 2026)*

Overview

The Municipal Securities Rulemaking Board ("MSRB") seeks comment on draft amendments to MSRB Rules G-1, G-3, G-20, G-23 and G-37 (the "Draft Amendments") to eliminate references to the term "financial advisor" or "financial advisory and consultant services" in references to brokers, dealers and municipal securities dealers ("dealers") serving in such financial advisory capacity. The Draft Amendments would instead adopt the uniform term "municipal advisor" to be consistent with terminology established with respect to both dealers and non-dealers providing such advisory services under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank"),[1] and used in MSRB rules adopted since Dodd-Frank's enactment, to eliminate any potential ambiguities and unintended burdens associated with the use of both terms in MSRB rules.

This request for comment represents the first phase of the MSRB's retrospective review of its suite of municipal advisor rules adopted since Dodd-Frank was enacted. In addition to seeking comment on the Draft Amendments described in this request for comment, the MSRB seeks input more broadly from the municipal advisor

* The Draft Amendments in this notice were revised by MSRB Notice 2026-05 (May 6, 2026), available at https://www.msrb.org/sites/default/files/2026-05/MSRB-Notice-2026-05.pdf. The Draft Amendments included herein reflect the additional changes made by Notice 2026-05.

[1] Dodd-Frank was signed into law on July 21, 2010 and Section 975 of Dodd-Frank amending Section 15B of the Securities Exchange Act of 1934 (the "Exchange Act") to provide for MSRB regulation of municipal advisors became effective on October 1, 2010.

community, the municipal entity and obligated person clientele they serve, and other municipal market stakeholders on the scope and approach toward undertaking this retrospective review, as described more fully below.

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 July 20, 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.[2] 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.

Summary of Draft Amendments

Financial advisor terminology currently appears in five MSRB rules, adopted prior to Dodd-Frank, that would be amended by the Draft Amendments. The financial advisory activity provisions in these rules are limited to the context of new issues of municipal securities; that is, they do not apply to activities that now constitute municipal advisory activities that are not necessarily related to a new issue of municipal securities.[3] Except with respect to the reference to financial advisor in Rule G-20, the current use of that term in the other four rules that would be amended by the Draft Amendments is limited to dealer activity and does not reach municipal advisory activities of non-dealers.

The Draft Amendments would modernize language in MSRB rules by updating the financial advisor terminology to the current municipal advisor terminology, consistent with Dodd-Frank as well as with municipal advisor rulemaking undertaken by the MSRB and the Securities and Exchange Commission (the "Commission") subsequent to Dodd-Frank.[4] The MSRB views the two terms (i.e., financial advisor and municipal advisor) as substantively

[2] 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.

[3] For example, existing references to financial advisory activities do not, either explicitly or by implication, apply to advice on municipal derivatives that are not related to a municipal securities offering or paid solicitation of third-party municipal advisors, broker-dealers or investment advisers.

[4] Commission rulemaking relating to municipal advisors consists of Exchange Act Rules 15Ba1-1 through 15Ba1-8 and 15Bc4-1, together with Form MA (17 CFR 249.1300), Form MA-I (17 CFR 249.1310), Form MA-W (17 CFR 249.1320) and Form MA-NR (17 CFR 249.1330).

equivalent.[5] With the narrowly limited circumstances described below,[6] the Draft Amendments would not seek to make substantive changes to the current interpretation of any of the amended rules but instead would eliminate potential ambiguities stemming from the ongoing presence of the older term financial advisor within the MSRB rulebook.[7] To the extent that any provision of a rule to be amended by the Draft Amendments currently applies solely to a dealer acting as a financial advisor, the change to municipal advisor terminology under the Draft Amendments would not operate, by itself, to extend the applicability of such provision to non-dealer municipal advisors.

The potential revisions to each rule included in the Draft Amendments consist of the following.

Rule G-1, on Separately Identifiable Department or Division of a Bank

The MSRB adopted Rule G-1, as mandated by Exchange Act Section 15B(b)(2)(H), to define the term "separately identifiable department or division of a bank." This term is used in Exchange Act Section 3(a)(30) to, in part, allow a bank that engages in the business of buying and selling municipal securities within a well-defined internal unit to register such unit separately, rather than the bank as a whole, with the Commission as a municipal securities dealer ("MSD SID") under Exchange Act Section 15B(a)(2). The MSD SID definition in Rule G-1 includes, as part of the municipal securities dealer activities to be conducted within such MSD SID, "financial advisory and consultant services for issuers in connection with the issuance of municipal securities." Thus, if a bank has an MSD SID and it engages in such financial advisory activities, it must conduct it within the MSD SID to maintain its ability to use the MSD SID designation.

After enactment of Dodd-Frank, the Commission adopted a separate definition of "separately identifiable department or division" of a bank under Exchange Act Rule 15Ba1-1(d)(4) for purposes of the Commission's registration requirements for municipal advisors ("MA SID"). The MA SID definition consists of the unit of a bank which conducts all of the municipal advisory activities of the bank (which includes, but is not limited to, the type of advice to issuers in connection with the issuance of municipal securities currently covered

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[5] For example, the term financial advisor does not apply to any regulated entity that is not considered to be a municipal advisor as defined under Exchange Act Section 15B(e)(4) and Exchange Act Rule 15Ba1-1(d), giving full effect to applicable exclusions and exemptions from such definition.

[6] The Draft Amendments would eliminate certain provisions that currently create, or appear to create, duplicative obligations under Rules G-3, G-23 and G-37, as described below.

[7] As described below, subsequent phases of the MSRB's retrospective review of its suite of municipal advisor rules are expected to seek public input on substantive aspects of such rules, including the rules for which financial advisory terminology would be retired and replaced by municipal advisory terminology, as described in this request for comment. While commenters are welcome to provide comments on substantive rule provisions at this juncture, such comments generally would be reviewed in context with any additional substantive comments received in connection with such future phases.

by the definition of MSD SID in Rule G-1). As an MA SID, such unit, rather than the bank as a whole, may register with the Commission as a municipal advisor under Exchange Act Section 15B(a)(2). The Commission rule does not require that an MA SID also be an MSD SID. The MSRB subsequently amended Rule G-1 to acknowledge the separate Commission definition of MA SID with respect to the municipal advisory activities of banks.

The Draft Amendments would delete "financial advisory and consultant services for issuers in connection with the issuance of municipal securities" as a prong in the MSD SID definition in Rule G-1(a)(ii) with respect to municipal securities dealer activities.[8] The Draft Amendments would continue to acknowledge the Commission's MA SID definition with respect to municipal advisory activities and would add a clarification that a bank may have both an MSD SID and an MA SID and that such SIDs may, but are not required to be, the same unit within the bank.

Rule G-3, on Professional Qualification Requirements

Rule G-3 establishes the types of activities that, if undertaken by a dealer's associated persons, would require such persons to be qualified as a municipal securities representative (Series 52 exam) under Rule G-3(a)(i)(A) or municipal securities principal (Series 53 exam) under Rule G-3(b)(i). Both categories include in the list of covered activities "financial advisory or consultant services for issuers in connection with the issuance of municipal securities." After Dodd-Frank, the MSRB created the two new registration classifications: municipal advisor representative (Series 50 exam) under Rule G-3(d)(i) and municipal advisor principal (Series 54 exam) under Rule G-3(e)(i), which serve as the requisite qualifications for engaging in municipal advisory activities and not the Series 52 or 53 exam, notwithstanding that the financial advisor language remains in the rule text for those two dealer qualifications.

The Draft Amendments would delete "financial advisory or consultant services for issuers in connection with the issuance of municipal securities" as covered activities for municipal securities representatives[9] and principals[10] to eliminate any ambiguity regarding proper registration classifications. The amended language would make clear that dealer personnel who only engage in municipal advisory activities (i.e., do not also engage in other types of municipal securities activities pertaining to the municipal securities representative or principal registration classification) would be fully qualified to engage in such municipal advisory activities by way of having taken and passed the Series 50 and 54 exams, as

[8] Current Rule G-1(a)(ii)(B) would be deleted and the following paragraphs (C) through (F) would be redesignated as (B) through (E).

[9] Current Rule G-3(a)(i)(A)(2) would be deleted and the following subparagraphs (3) and (4) would be redesignated as (2) and (3).

[10] Current Rule G-3(b)(i)(B) would be deleted and the following paragraphs (C) through (G) would be redesignated as (B) through (F).

applicable, and would not be required to also be qualified by way of having taken and passed the Series 52 and 53 exams, as applicable.

Rule G-20, on Gifts, Gratuities, Non-Cash Compensation and Expenses of Issuance

Rule G-20 generally prohibits, among other things, the giving or receiving of non-cash compensation by dealers in connection with a new issue but provides certain exceptions for reimbursements for training or educational meetings paid by so-called offerors with respect to a primary offering of municipal securities under section (e) thereof. The term "offeror" is defined in Rule G-20(b)(iv) to include a number of categories of transaction professionals and lists both "the issuer's financial advisor" and "municipal advisor." The Draft Amendments would delete "financial advisor" from Rule G-20(b)(iv) and retain the term "municipal advisor" in the definition of offeror, thereby eliminating duplicative language.

Rule G-23, on Activities of Financial Advisors

Rule G-23 relates to dealers who act as financial advisors to issuers with respect to the issuance of municipal securities and addresses when a financial advisory relationship is deemed to exist, establishes a documentation requirement for the financial advisory relationship, and prohibits a financial advisor to an issuer for a particular issue from switching to the underwriter or remarketing agent role for such issue. As noted above, the rule does not cover the full range of municipal advisory activities but is limited in scope in three ways: (i) it only applies to dealers acting as financial advisors, not to non-dealer municipal advisors (which, as a matter of law, cannot serve in the underwriter or remarketing agent role); (ii) it only applies to advice in connection with the issuance of municipal securities and does not cover other types of municipal advisory services, such as advice on derivatives and investments in bond proceeds; and (iii) it only applies to advice provided to the issuer of the securities and not to other obligated persons.

The Draft Amendments would propose replacing the term "financial advisory or consultant services to or on behalf of an issuer with respect to the issuance of municipal securities" with a new term "new issue municipal advisory services" in Rule G-23(b), which would be defined as the provision of advice by a municipal advisor to or on behalf of a municipal entity acting as an issuer with respect to the issuance of municipal securities, including advice with respect to the structure, timing, terms, and other similar matters concerning such issue. The Draft Amendments would also replace the term "financial advisory relationship" with a new term "new issue municipal advisory relationship" throughout sections (b) through (e) of the rule, with a new issue municipal advisory relationship being deemed to exist when a dealer renders or enters into an agreement to render new issue municipal advisory services to or on behalf of an issuer. Rule G-23 would be renamed "Activities of Dealers Providing New Issue Municipal Advisory Services" to reflect the change in terminology.

Consistent with the current rule language and interpretative guidance adopted by the MSRB in 2011 (the "2011 Rule G-23 Interpretation"),[11] the rule would continue to only apply to the type of municipal advisory activities encompassed by the portion of the definition of municipal advisor relating to the issuance of municipal securities (including advice with respect to the structure, timing, terms, and other similar matters concerning such issues) under Exchange Act Section 15B(e)(4)(B) and Exchange Act Rule 15Ba1-1(d)(1)(i), giving effect to the exclusions and exemptions thereunder, and would continue to not apply to the other types of activities relating to municipal financial products or solicitations on behalf of third parties within the scope of the municipal advisor definition. If the MSRB adopts the retirement of the financial advisory terminology, the language of the 2011 Rule G-23 Interpretation would be revised to reflect the new terminology, but no revisions would be made to the substantive provisions thereof.[12]

Finally, Rule G-42, on duties of non-solicitor municipal advisors, currently includes relationship documentation requirements under section (c) thereof applicable to all municipal advisors (including financial advisors under Rule G-23) that is largely duplicative of the basic relationship documentation requirements of current Rule G-23(c). As a result, the Draft Amendments would replace the documentation language currently included in Rule G-23(c) with a reference to the documentation requirements of Rule G-42(c). The Draft Amendments would retain existing language relating to inclusion in such documentation of provisions relating to the deposit of funds with or the utilization of fiduciary or agency services offered by the dealer or its affiliates in connection with the new issue municipal advisory services. While the MSRB does not currently propose to make any substantive changes to this retained language, it welcomes comments on whether this provision continues to be relevant based on current market practices, or whether such provision should apply to all municipal advisors (not just dealer municipal advisors)

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[11] *See* Guidance on the Prohibition on Underwriting Issues of Municipal Securities for Which a Financial Advisory Relationship Exists Under Rule G-23 (November 27, 2011), *available at* https://www.msrb.org/Guidance-Prohibition-Underwriting-Issues-Municipal-Securities-Which-a-Financial-Advisory; Exchange Act Release No. 64564 (May 27, 2011), 76 FR 32248 (June 3, 2011), SR-MSRB-2011-03 (the "2011 Rule G-23 Approval Order"). The 2011 Rule G-23 Interpretation provides that Rule G-23 is solely a conflicts rule and the guidance does not address whether provision of certain advice permitted by Rule G-23 would cause the dealer to be considered a "municipal advisor" under the Exchange Act and the rules promulgated thereunder. Thus, for example, while Rule G-23 does not prohibit a dealer acting as underwriter with respect to the issuance of municipal securities to provide advice with respect to the investment of the proceeds of the issue, municipal derivatives integrally related to the issue, or other similar matters concerning the issue, Rule G-23 and the 2011 Rule G-23 Interpretation do not speak to whether such permitted advice would be considered municipal advisory activities. That question is governed by Exchange Act Section 15B and Exchange Act Rule 15Ba1-1 and, if such permitted advice is deemed municipal advisory activities thereunder, it would be subject to the MSRB's suite of municipal advisor rules. *See* 2011 Rule G-23 Approval Order, 76 FR at 32251.

[12] More generally, upon retirement of the financial advisor terminology and to ensure on-going consistency and clarity, the MSRB would make appropriate revisions and/or annotations to, or retire in whole, various items of interpretive guidance relating to the rules to be amended by the Draft Amendments previously published by the MSRB that use the retired terminology.

engaged in new issue municipal advisory services and therefore would more appropriately be made part of Rule G-42 rather than Rule G-23. Any potential changes in this regard (and with regard to any other substantive aspects of Rule G-23) could be considered during a future phase of the MSRB's retrospective rule review.

Rule G-37, on Political Contributions and Prohibitions on Municipal Securities Business and Municipal Advisory Business

The MSRB's pay-to-play rule, Rule G-37, defines the types of engagements with municipal entities that dealers and municipal advisors may be prohibited from undertaking, and with respect to which certain disclosures may be required on Form G-37, in the case of certain political contributions. In connection with dealers, those activities consist of "municipal securities business," which is defined in Rule G-37(g)(xii) to include "the provision of financial advisory or consultant services to or on behalf of a municipal entity with respect to a primary offering of municipal securities in which the dealer was chosen to provide such services on other than a competitive bid basis." In connection with municipal advisors, the rule applies to "municipal advisory business," which is defined in Rule G-37(g)(ix) to effectively consist of the full range of municipal advisory activities undertaken by any category of municipal advisor, including the financial advisory or consultant services referenced in the definition of municipal securities business. Rule G-37(e)(i)(C) requires quarterly public disclosures on Form G-37, submitted to the MSRB and made public on the MSRB'S Electronic Municipal Market Access (EMMA) website,[13] including disclosure of municipal securities business and municipal advisory business undertaken by a dealer or municipal advisor. In the case of a dealer that also acts as a municipal advisor, the rule and form currently require duplicative disclosure of municipal advisor engagements by such dealer through listing of such engagements in both the municipal securities business and municipal advisory business sections of the form.

The Draft Amendments would delete "the provision of financial advisory or consultant services to or on behalf of a municipal entity with respect to a primary offering of municipal securities in which the dealer was chosen to provide such services on other than a competitive bid basis" from the definition of municipal securities business in Rule G-37[14] and make a conforming change to Form G-37,[15] thereby eliminating the duplicative disclosure requirement.

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[13] *See* https://emma.msrb.org/MarketActivity/PoliticalContributions.aspx.

[14] Current Rule G-37(g)(xii)(C) would be deleted and the following paragraph (D) would be redesignated as (C).

[15] The language "financial advisor" would be deleted from the column heading for "Type of municipal securities business" from Section IV.A. of Form G-37.

Preliminary Economic Analysis

Section 15B(b)(2)(C) of the Exchange Act 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.[16] The MSRB has considered the economic impact of the Draft Amendments in this request for comment. 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.

The MSRB seeks to make changes to: Rule G-1 on Separately Identifiable Department or Division of a Bank to remove financial advisory and consultant services for issuers as a part of the MSD SID definition; Rule G-3 on Professional Qualification Requirements to remove "financial advisory or consultant services" as an activity for a municipal securities representative (Series 52) and a principal (Series 53); Rule G-20 on Gifts, Gratuities, Non-Cash Compensation and Expenses of Issuance to delete "financial advisor" from the definition of an offeror; Rule G-23 on Activities of Financial Advisors to replace the term "financial advisory or consultant services to or on behalf of an issuer with respect to the issuance of municipal securities" with "new issue municipal advisory services" along with replacing the term "financial advisory relationship" with "new issue municipal advisory relationship," as well as changes to the 2011 Rule G-23 Interpretation and lastly to rename the rule "Activities of Dealers Providing New Issue Municipal Advisory Services;" and Rule G-37 on Political Contributions and Prohibitions on Municipal Securities Business and Municipal Advisory Business to delete "the provision of financial advisory or consultant services to or on behalf of a municipal entity with respect to a primary offering of municipal securities in which the dealer was chosen to provide such services on other than a competitive bid basis."

A. The 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 to Rules G-1, G-3, G-20, G-23 and G-37 are designed to promote greater clarity and reduce potential ambiguity in connection with MSRB rules applicable to municipal advisors without making substantive changes to existing rules.

The MSRB developed a number of municipal advisor rules following the passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank) in 2010. However, prior to Dodd-Frank MSRB rules already contained references to dealers providing "financial advisory or consultant services" in conjunction with an issuance of municipal securities as "financial advisors." Since the adoption of Dodd-Frank, the MSRB

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

has exclusively used the term “municipal advisor” to describe financial advisory or consultant services provided to an issuer in connection with the issuance of municipal securities. Although MSRB rulemaking with respect to municipal advisors since Dodd-Frank has consistently used the term “municipal advisor” rather than “financial advisor” when applying new regulatory requirements, the rules and interpretations that were applicable to dealers providing municipal advisory services in connection with an issuer still use the term “financial advisor”. The Draft Amendments to the aforementioned rules are intended to eliminate ambiguity and confusion, better align these rules to Dodd-Frank, and provide regulatory clarity to the role of municipal advisors as defined in MSRB rules.

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 request for comment, the baseline consists of Rules G-1, G-3, G-20, G-23 and G-37 in their 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. For the purposes of this request for comment, the MSRB believes that the changes proposed do not necessitate the discussion of alternative regulatory approaches because the MSRB is not able to identify any potential alternatives to the Draft Amendments, other than maintaining the status quo without making any changes which is already addressed as a baseline for the economic analysis, that can be considered reasonable approaches as outlined in the policy on economic analysis. The MSRB welcomes, as part of this request for comment, any input on any potential reasonable regulatory alternatives if they can be identified.

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 who are dually registered as municipal advisors 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 request for comment, additional data or studies relevant to the costs and benefits of the Draft Amendments.

(i) Benefits

The MSRB anticipates that dealers that are dually registered as municipal advisors would benefit from the Draft Amendments by gaining clarity that the roles, as described in MSRB rules, that are currently described as financial advisory activities are to be treated in the same way as is understood in connection with the full suite of municipal advisor rules, and therefore there is no separate standard that must be established and adhered to. In addition, dealers that act as municipal advisors to issuers in connection with their new issues would no longer be required to treat such activity as both municipal securities business and municipal advisory business for purposes of Rule G-37 and Form G-37, which currently require the dealer to provide duplicative information on Form G-37 to the MSRB. The MSRB expects that the Draft Amendments would provide savings in the form of less time required to complete Form G-37.

(ii) Costs

The MSRB acknowledges the potential for one-time upfront costs for municipal advisor firms related to setting up and/or revising existing policies and procedures related to the Draft Amendments. However, the MSRB believes that these costs would be minor. Regulated entities that are impacted by the Draft Amendments are expected to make minor one-time revisions to their policies and procedures to remove references to "financial advisor" from Rules G-1, G-3, G-20, G-23 and G-37. In order to address these changes, regulated entities may need to work with in-house legal and compliance professionals to revise the policies and procedures.

Based on the MSRB's assumptions the total upfront costs would be estimated at $1,610 per regulated entity. These upfront costs include 4 hours total for regulated entities to make the appropriate changes as they pertain to Rules G-1, G-3, G-20, G-23 and G-37.[17] These costs derive from compliance personnel reviewing the five separate MSRB rules and making the necessary changes to remove the term "financial advisor" or related language. The MSRB estimates 1.5 hours for a compliance

[17] The hourly rate data was gathered from the Commission's Amendments to Exchange Act Rule 3b-16. *See* Exchange Act Release No. 94062 (Sep. 20, 2022), 17 CFR Parts 232, 240, 242, 249 (Jan. 26, 2022) (File No. S7-02-22), p. 477 n.1102 (citing the original source of the data from SIFMA Management & Professional Earnings in the Securities Industry 2013). The data reflects the 2025 hourly rate level after adjusting for the annual wage inflation between 2013 and 2025, using the Federal Reserve Bank of St. Louis Employment Cost Index: Wages and Salaries Private Industry, available at: https://fred.stlouisfed.org/series/ECIWAG. The MSRB uses a blended hourly rate of $393 for a Compliance Manager, $463 for an In-House Compliance Attorney, $610 for a Director of Compliance and $693 for the Chief Compliance Officer, and estimates a total of 4 hours for regulated entities to update policies. The MSRB estimates the number of hours for each task based on the MSRB's consultation with regulated entities' compliance officers.

manager ($589 total) to replace the terminology in all necessary policies and procedures and 1.5 hours for a compliance attorney ($695 total) to review the changes. The MSRB also expects 0.25 hours for the director of compliance ($152 total) and 0.25 hours for the chief compliance officer ($173 total) to review and sign off on any changes to the relevant policies and procedures.

The MSRB believes that the overall benefits of the Draft Amendments would outweigh their costs. The removal of the term "financial advisor" from Rules G-1, G-3, G-20, G-23 and G-37 and its replacement with the term "municipal advisor" would eliminate ambiguity and confusion, in addition to reducing the cost of providing duplicative information on Form G-37 for dealers acting as a municipal advisor.

(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 acting as municipal advisors and the estimated costs are minor for all relevant firms. The Draft Amendments would improve the municipal securities market's operational efficiency and promote regulatory certainty by eliminating potential ambiguities in the MSRB rules that would be amended by the Draft Amendments. 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.

Input Welcomed on Further Stages of Retrospective Rule Review

As noted above, since Congress enacted Dodd-Frank in 2010, the MSRB has established a suite of municipal advisor rules. Built upon the foundation of the MSRB's pre-Dodd-Frank dealer-oriented rulebook, the current complement of municipal advisor rules consists of a combination of: (i) pre-existing rules applicable to dealers engaging in sales, trading, underwriting of, and financial advisory activities relating to, municipal securities that were amended to also apply, at least in part, to municipal advisors;[18] and (ii) newer standalone rules applying exclusively to municipal advisors.[19]

With the completion of the baseline set of municipal advisor rules, the MSRB launched its retrospective rule review to assess, in a holistic manner, whether such rules are clear and easily understood, can be complied with in an efficient and effective manner, and minimize burdens while achieving the MSRB's statutory mandate to protect municipal entities, obligated persons, investors and the public interest. The MSRB does not seek to engage

[18] *See* Rules G-1 through G-3, G-5, G-8 through G-10, G-17, G-20, G-34, G-37, A-3, A-7, A-12, A-16, A-18, D-11 and D-14.

[19] *See* Rules G-40, G-42, G-44, G-46, A-11 and D-13. While adopted prior to Dodd-Frank, Rule G-23 is a standalone rule that applies to dealers solely when acting in their capacity as municipal advisors.

in, nor does it anticipate engaging in, extensive rulemaking but instead seeks to understand whether, as a full complement of requirements, such rules are effective as written or could benefit from clarifications – whether by interpretive guidance, rule amendments or compliance resources. In addition, the MSRB welcomes input on whether existing rules leave gaps, potentially result in suboptimal or inefficient practices, or otherwise fall short of the MSRB's statutory mandate.

Market participants will have multiple opportunities throughout the course of the MSRB's retrospective rule review to provide suggestions, whether through requests for information, at outreach events or by directly contacting the MSRB with questions, suggestions or concerns. To the extent any rulemaking appears to be appropriate, specific proposals would be published for formal comment and the MSRB would provide opportunities for additional conversations with market participants in advance of any filing of rule proposals with the Commission.

The MSRB has identified various objectives in undertaking this review, including the following, and would welcome suggestions regarding any additional objectives that could provide meaningful insight on the framing of discussions related to the future phases of the rule review:

- The consistency and interoperability of substantive terms of municipal advisor rules (for example, do the rules work together well or do they clash or leave gaps, and do they have the right balance of principles-based and prescriptive rules?)
- The appropriateness of MSRB rules for small municipal advisor firms with respect to their substantive obligations and potential compliance burden, particularly in light of Section 15B(b)(2)(L)(iv) of the Exchange Act[20]
- The impact on, and potential streamlining of compliance for, firms with multiple business lines – more than one registration (such as municipal advisor/broker-dealer/investment adviser/commodity trading advisor registrations) or with other types of federally or state-regulated businesses (such as banking) or non-registered or regulated activities (such as accountants, engineers, attorneys, developers, consultants or other types of business enterprises)
- The potential for enhanced coordination of MSRB and Commission rules and guidance (the Commission regulates the registration with the Commission of municipal advisors, defines municipal advisory activities requiring such registration, and provides guidance on the nature of the statutory fiduciary duty under Section

[20] The MSRB previously published a request for information seeking input on the impacts of MSRB rules on small firms, including but not limited to small municipal advisors. *See* MSRB Notice 2023-11, Request for Information on Impacts of MSRB Rules on Small Firms (Dec. 4, 2023), available at https://www.msrb.org/sites/default/files/2023-12/2023-11.pdf. While the MSRB has taken input received on this request for information into account in connection with its regulatory activities since then, the MSRB looks to continue the conversation with municipal advisors on the best way to achieve the purposes of Section 15B(b)(2)(L)(iv) of the Exchange Act.

15B(c)(1) of the Exchange Act, all of which have impacts on the contours of MSRB municipal advisor rulemaking under Section 15B(b)(2) of the Exchange Act)

The MSRB anticipates the review to be conducted over the course of the remainder of this fiscal year and into the next and future fiscal years in several phases. Beyond the current request for comment to retire financial advisory terminology, the MSRB anticipates the next three phases to such review to consist of the following:

- **Character of Current Municipal Advisor Business Landscape**: In the first phase, the MSRB would seek to gain deeper insight into the current municipal advisor business landscape as it has evolved and adapted to the regulatory regime built over the course of time since Dodd-Frank. In particular, the MSRB would engage in conversations with municipal advisor firms ranging across different geographic regions, market sectors, business lines, firm sizes and business models to ensure that the MSRB has a clear and nuanced view of the real-world dynamics faced by municipal advisors. Ultimately, the MSRB looks to better understand ways in which it can assist municipal advisors to understand their duties with a goal of promoting more effective and efficient compliance while reducing unnecessary burdens.
- **Core Duties**: In the following phase, the MSRB would seek input on municipal advisors' experiences complying with, and any suggestions with respect to potential new guidance or rule clarifications pertaining to, MSRB core conduct rules (such as Rules G-42, G-46, G-23 and G-17). More specifically, the MSRB would be interested in input on the interplay between, on the one hand, the Commission's municipal advisor registration rules and frequently asked questions addressing which activities constitute municipal advisory activities and the nature of the statutory fiduciary duty owed by municipal advisors to their municipal entity clients under Section 15B(c)(1) of the Exchange Act and, on the other hand, these core conduct rules adopted by the MSRB in carrying out its statutory mandate.
- **Operational/Support Functions**: Subsequently, the MSRB also would seek input on municipal advisors' experience complying with, and any suggestions with respect to potential new guidance or rule clarifications pertaining to, operational rules such as supervision, recordkeeping, and the remaining set of municipal advisor rules not directly related to their core duties, with the goal of ensuring that such rules are supportive of, and impose the least burden necessary so as to minimize potential constraints on, the ability of municipal advisors to focus on their core duties to their clients.

Commenters, including municipal advisors and the municipal entities and obligated persons they serve, should feel free to provide input, including suggestions or concerns, on the nature, sequence, process or potential gaps in these anticipated phases of the retrospective rule review. A broad range of voices and views at this early stage of the MSRB's retrospective rule review will assist the MSRB in formulating how best to proceed with the review in the most effective manner possible. Based on feedback received currently and during the on-going course of the review, the MSRB may adjust this plan,

including addressing additional areas that commenters believe deserve closer inquiry in potential further phases.[21]

Request for Comments

Draft Amendments

Commenters are welcome to address any and all aspects of the Draft Amendments and need not limit themselves to the questions posed below:

1. Are there any reasons to retain financial advisory terminology in one or more of the rules included in the Draft Amendments? If so, please explain the benefit or other purpose in doing so.

2. Do the Draft Amendments effectively achieve the purpose of retiring the term financial advisor without resulting in substantive changes to the operation of the affected rules, other than as described in this request for comment?

3. Would the change in terminology, as drafted, result in the unintended expansion or narrowing of the scope of persons or activities covered by the existing rules included in the Draft Amendments? Please explain.

4. Would the Draft Amendments result in any consequences not identified in this request for comment? If so, please explain, including whether such consequences would be positive or negative.

5. Are the changes that reduce duplicative obligations appropriate, or do one or more of the perceived redundancies serve a valid purpose and therefore should be retained?

6. Is it appropriate to partially move the documentation requirement under Rule G-23 to Rule G-42 as part of the Draft Amendments, or should that be reserved to a future phase of the retrospective rule review?

[21] With regard to the municipal advisor assessment under Rule A-11, the MSRB's four-year rate card establishing rates through the end of calendar year 2029 went into effect at the start of the 2026 calendar year. As the time for establishing a new rate card for 2030 and later years approaches, the MSRB will engage in outreach to the municipal advisor community to consider whether the current assessment structure or an alternative approach would be most appropriate in the context of the full range of assessments on both dealers and municipal advisors as well as in view of other available sources of revenue.

Retrospective Rule Review

Commenters are welcome to address any and all aspects of the MSRB municipal advisor retrospective review process as described herein and need not limit themselves to the questions posed below. Commenters will also have multiple opportunities throughout the course of the review process to provide additional suggestions through future outreach activities, requests for information and, if the MSRB were to propose potential rulemaking, requests for comments on draft rulemaking proposals prior to formal filing with the Commission:

1. Are there any aspects of MSRB municipal advisor regulation that the MSRB should review that do not appear to be covered by the scope of the phased approach outlined above?

2. Are there elements of the phased approach that should be removed from the scope of the planned review?

3. Are there additional perspectives, beyond those identified above, that the MSRB should keep in mind as it engages in this review?

4. Are there specific perspectives or issues that municipal entities and obligated persons who use the services of municipal advisors believe the MSRB should consider in the course of the review?

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Text of Draft Amendments*

Rule G-1 - Separately Identifiable Department or Division of a Bank

(a) *Municipal Securities Dealer Activities*.

(i) No change.

(ii) For purposes of this rule, the activities of the bank which shall constitute municipal securities dealer activities are as follows:

(A) underwriting, trading and sales of municipal securities;

* Underlining indicates new language; strikethrough denotes deletions.

~~(B) financial advisory and consultant services for issuers in connection with the issuance of municipal securities;~~

(B) ~~(C)~~ processing and clearance activities with respect to municipal securities;

(C) ~~(D)~~ research and investment advice with respect to municipal securities;

(D) ~~(E)~~ any activities other than those specifically enumerated above which involve communication, directly or indirectly, with public investors in municipal securities; and

(E) ~~(F)~~ maintenance of records pertaining to the activities described in paragraphs (A) through (D) ~~(E)~~ above;

provided, however, that the activities enumerated in paragraphs (C) and (D) ~~and (E)~~ above shall be limited to such activities as they relate to the activities enumerated in paragraphs (A) and (B) above.

(iii) - (iv) No change.

(b) *Municipal Advisory Activities*. ~~For purposes of its municipal advisory activities, the~~ The term "separately identifiable department or division of a bank" shall have the same meaning as used in 17 CFR 240.15Ba1-1(d)(4) for purposes of the municipal advisory activities of any such separately identified department or division of a bank. A separately identifiable department or division of a bank engaging in municipal securities dealer activities for purposes of this rule may be, but is not required to be, the same department or division of such bank for purposes of engaging in municipal advisory activities for purposes of 17 CFR 240.15Ba1-1(d)(4), so long as the applicable requirements with respect to each such category of activities are met.

* * * * *

Rule G-3 - Professional Qualification Requirements

No broker, dealer, municipal securities dealer, municipal advisor or person who is a municipal securities representative, municipal securities sales limited representative, limited representative - investment company and variable contracts products, municipal securities principal, municipal fund securities limited principal, municipal securities sales principal, municipal advisor representative or municipal advisor principal (as hereafter defined) shall be qualified for purposes of Rule G-2 unless such broker, dealer, municipal securities dealer, municipal advisor or person meets the requirements of this rule.

(a) *Municipal Securities Representative, Municipal Securities Sales Limited Representative and Limited Representative - Investment Company and Variable Contracts Products*.

(i) Definitions.

(A) The term "municipal securities representative" means a natural person associated with a broker, dealer or municipal securities dealer, other than a person whose functions are solely clerical or ministerial, whose activities include one or more of the following:

(1) No change.

~~(2) financial advisory or consultant services for issuers in connection with the issuance of municipal securities;~~

(2) ~~(3)~~ research or investment advice with respect to municipal securities; or

(3) ~~(4)~~ any other activities which involve communication, directly or indirectly, with public investors in municipal securities;

provided, however, that the activities enumerated in subparagraphs (2) and (3) ~~and (4)~~ above shall be limited to such activities as they relate to the activities enumerated in subparagraph~~s~~ (1) ~~and (2)~~ above.

(B) – (C) No change.

(ii) No change.

(b) *Municipal Securities Principal; Municipal Fund Securities Limited Principal*.

(i) Definition. The term "municipal securities principal" means a natural person (other than a municipal securities sales principal), associated with a broker, dealer or municipal securities dealer who is directly engaged in the management, direction or supervision of one or more of the following activities:

(A) No change.

(B) ~~financial advisory or consultant services for issuers in connection with the issuance of municipal securities;~~

(B) ~~(C)~~ processing, clearance, and, in the case of brokers, dealers and municipal securities dealers other than bank dealers, safekeeping of municipal securities;

(C) ~~(D)~~ research or investment advice with respect to municipal securities;

(D) ~~(E)~~ any other activities which involve communication, directly or indirectly, with public investors in municipal securities;

(E) ~~(F)~~ maintenance of records with respect to the activities described in subparagraphs (A) through (D) ~~(E)~~; or

(F) ~~(G)~~ training of municipal securities principals or municipal securities representatives.

provided, however, that the activities enumerated in subparagraphs (C) and (D) ~~and (E)~~ above shall be limited to such activities as they relate to the activities enumerated in subparagraph~~s~~ (A) ~~or (B)~~ above.

(ii) – (iv) No change.

(c) – (i) No change.

Supplementary Material .01 - .09 No change.

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Rule G-20 - Gifts, Gratuities, Non-Cash Compensation and Expenses of Issuance

(a) No change.

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

(i) – (iii) No change.

(iv) "Offeror" means, with respect to a primary offering of municipal securities, the issuer, any adviser to the issuer (including, but not limited to, the issuer's ~~financial advisor,~~ municipal advisor, bond or other legal counsel, or investment or program manager in connection with the primary offering), the underwriter of the primary offering, or any person controlling, controlled by, or under common control with any of the foregoing; provided that, with respect to a primary offering of municipal fund securities, "offeror" shall also include any person considered an "offeror" under FINRA Rules 5110, 2320, or 2341 in connection with any securities held as assets of or underlying such municipal fund securities.

(v) – (vii) No change.

(c) – (g) No change.

Supplementary Material .01 - .05 No change.

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Rule G-23 - Activities of Dealers Providing New Issue Municipal Advisory Services ~~Financial Advisors~~

(a) New Issue Municipal Advisory Services. For purposes of this rule, "new issue municipal advisory services" shall mean the provision of advice by a municipal advisor to or on behalf of a municipal entity ~~*Purpose*. The purpose and intent of this rule is to establish ethical standards and disclosure requirements for brokers, dealers, and municipal securities dealers who~~ acting as an issuer ~~financial advisors to issuers~~ with respect to the issuance of municipal securities, including advice with respect to the structure, timing, terms, and other similar matters concerning such issue.

(b) *New Issue Municipal ~~Financial~~ Advisory Relationship*. For purposes of this rule, a new issue municipal ~~financial~~ advisory relationship shall be deemed to exist when a broker, dealer, or municipal securities dealer renders or enters into an agreement to render new issue municipal ~~financial~~ advisory ~~or consultant~~ services to or on behalf of an issuer ~~with respect to the issuance of municipal securities, including advice with respect to the structure, timing, terms and other similar matters concerning such issue~~. For purposes of this rule, a new issue municipal ~~financial~~ advisory relationship shall not be deemed to exist when, in the course of acting as an underwriter and not as a municipal ~~financial~~ advisor, a broker, dealer or municipal securities dealer renders advice to an issuer, including advice with respect to the structure, timing, terms and other similar matters concerning the issuance of municipal securities.

(c) *Agreement with Respect to New Issue Municipal ~~Financial~~ Advisory Relationship*. Each new issue municipal ~~financial~~ advisory relationship entered into by a broker, dealer, or municipal securities dealer shall be evidenced by a writing entered into and delivered to the issuer prior to, upon or promptly after the inception of the new issue municipal ~~financial~~ advisory relationship (or promptly after the creation or selection of the issuer if the issuer does not exist or has not been determined at the time the relationship commences) as required under Rule G-42(c). Such writing shall also include, to the extent applicable, ~~set forth the basis of compensation, if any, for the financial advisory services to be rendered, including~~ provisions relating to the deposit of funds with or the utilization of fiduciary or agency services offered by such broker, dealer, or municipal securities dealer or by a person controlling, controlled by, or under common control with such broker, dealer, or municipal securities dealer in connection with the rendering of such new issue municipal ~~financial~~ advisory services. ~~and shall be delivered to the issuer.~~

(d) *Prohibition on Engaging in Underwriting Activities*.

(i) Subject to provisions of subsections (d)(ii) and (iii), no broker, dealer, or municipal securities dealer that has a new issue municipal ~~financial~~ advisory relationship with respect to the issuance of municipal securities shall acquire as principal either alone or as a participant in a syndicate or other similar account formed for the purpose of purchasing,

directly or indirectly, from the issuer all or any portion of such issue, or act as agent for the issuer in arranging the placement of such issue.

(ii) Notwithstanding subsection (d)(i), a broker, dealer, or municipal securities dealer that has a new issue municipal ~~financial~~ advisory relationship with respect to the issuance of municipal securities shall not be prohibited from acting as agent for the issuer in arranging the placement of the entire issue with any state, local or federal governmental entity as part of a plan of financing by such entity for or on behalf of the issuer, but only if such broker, dealer or municipal securities dealer does not receive compensation from any person other than with respect to new issue municipal ~~financial~~ advisory services related to such placement and does not receive compensation from any person for underwriting any contemporaneous financing transaction directly or indirectly related to such issue undertaken by the state, local, or federal governmental entity with which such issue was placed.

(iii) The limitations set forth in this section (d) shall also apply to any broker, dealer, or municipal securities dealer controlling, controlled by, or under common control with the broker, dealer, or municipal securities dealer having a new issue municipal ~~financial~~ advisory relationship with respect to the issuance of municipal securities. The use of the term "indirectly" in this section (d) shall not preclude a broker, dealer, or municipal securities dealer that has a new issue municipal ~~financial~~ advisory relationship with respect to the issuance of municipal securities from purchasing such securities from an underwriter, either for its own trading account or for the account of customers, except to the extent that such purchase is made to contravene the purpose and intent of this rule.

(e) *Remarketing Activities*. No broker, dealer, or municipal securities dealer that has a new issue municipal ~~financial~~ advisory relationship with an issuer with respect to the issuance of municipal securities shall act as the remarketing agent for such issue; provided, however, that this section shall not prohibit such broker, dealer, or municipal securities dealer from thereafter serving as successor remarketing agent for such issue if the new issue municipal ~~financial~~ advisory relationship in connection with such issue has been terminated for a period of at least one (1) year prior to such broker, dealer, or municipal securities dealer being selected to serve as successor remarketing agent.

(f) *Applicability of State or Local Law*. Nothing contained in this rule shall be deemed to supersede any more restrictive provision of state or local law applicable to the activities of municipal ~~financial~~ advisors.

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Rule G-37 - Political Contributions and Prohibitions on Municipal Securities Business and Municipal Advisory Business

(a) - (f) No change.

(g) *Definitions*.

(i) - (xi) No change.

(xii) "Municipal securities business" means:

(A) the purchase of a primary offering (as defined in Rule A-13(f)) of municipal securities from a municipal entity on other than a competitive bid basis (*e.g.*, negotiated underwriting);

(B) the offer or sale of a primary offering of municipal securities on behalf of any municipal entity (*e.g.*, private placement); and

~~(C) the provision of financial advisory or consultant services to or on behalf of a municipal entity with respect to a primary offering of municipal securities in which the dealer was chosen to provide such services on other than a competitive bid basis; and~~

(C) ~~(D)~~ the provision of remarketing agent services to or on behalf of a municipal entity with respect to a primary offering of municipal securities in which the dealer was chosen to provide such services on other than a competitive bid basis.

(xiii) - (xix) No change.

(h) - (j) No change.

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FORM G-37

Name of Regulated Entity:
Report Period:

I. CONTRIBUTIONS made to officials of a municipal entity (list by state)

No change.

II. PAYMENTS made to political parties of states or political subdivisions (list by state)

No change.

III. CONTRIBUTIONS made to bond ballot campaigns (list by state)

No change.

IV. MUNICIPAL ENTITIES with which the regulated entity has engaged in municipal securities business or municipal advisory business (list by state)

A. Municipal Securities Business

State	Complete name of municipal entity and city/county	Type of municipal securities business (negotiated underwriting, private placement, ~~**financial advisor,**~~ or remarketing agent)

B. Municipal Advisory Business

No change.

C. Ballot-Approved Offering

No change.

Signature: **Date:**
Name (must be officer of regulated entity):
Address:
Phone:

Submit to the Municipal Securities Rulemaking Board a completed form quarterly by due date (specified by the MSRB)