

Required fields are shown with yellow backgrounds and asterisks.

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

File No.* SR - 2010 - * 14

Amendment No. (req. for Amendments *)

Proposed Rule Change 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) * ☐

Rule

Pilot ☐ Extension of Time Period
for Commission Action * ☐ Date Expires * ☐ 19b-4(f)(1) ☐ 19b-4(f)(4)
☒ 19b-4(f)(2) ☐ 19b-4(f)(5)
☐ 19b-4(f)(3) ☐ 19b-4(f)(6)Exhibit 2 Sent As Paper Document ☐Exhibit 3 Sent As Paper Document ☐**Description**

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

Amendments to Rule A-12, on Initial Fee, and Rule A-14, on Annual Fee

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 proposed rule change.

First Name * Peg Last Name * Henry

Title * Deputy General Counsel

E-mail * phenry@msrb.org

Telephone * (703) 797-6600 Fax (703) 797-6700

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,

Municipal Securities Rulemaking Board

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized officer.

Date 11/09/2010

By Ronald W. Smith
(Name *)

Corporate Secretary

(Title *)

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

Ronald Smith, rsmith@msrb.org

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information (required)

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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 (required)

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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

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Exhibit Sent As Paper Document

☐

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 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

☐

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 4 - Marked Copies

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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

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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

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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 Proposed Rule Change

(a) The Municipal Securities Rulemaking Board (“MSRB” or “Board”) is hereby filing with the Securities and Exchange Commission (“Commission” or “SEC”) a proposed rule change consisting of amendments to Rule A-12, on initial fee, and Rule A-14, on annual fee, to provide for the payment to the Board by municipal advisor firms of initial and annual fees. The proposed rule change is effective immediately upon filing.

The proposed rule change is set forth below, with underlining indicating additions and brackets indicating deletions.

Rule A-12: Initial Fee

Prior to effecting any transaction in or inducing or attempting to induce the purchase or sale of any municipal security, or engaging in municipal advisory activities, a broker, dealer, [or] municipal securities dealer, or municipal advisor shall pay to the Board an initial fee of \$100, accompanied by a written statement setting forth the name, address and Securities and Exchange Commission registration number of the broker, dealer, [or] municipal securities dealer, or municipal advisor on whose behalf such fee is paid. The Commission registration number shall also be set forth on the face of the remittance. Such fee shall be payable at the offices of the Board. In the event any person subject to this rule shall fail to pay the required fee, the Board may recommend to the Commission that the registration of such person with the Commission be suspended or revoked. No municipal advisor shall be in violation of this rule for failure to pay this initial fee in advance of January 1, 2011.

Rule A-14: Annual Fee

In addition to any other fees prescribed by the rules of the Board, each broker, dealer, [and] municipal securities dealer, and municipal advisor shall pay an annual fee to the Board of \$500, with respect to each fiscal year of the Board in which the broker, dealer, [or] municipal securities dealer, or municipal advisor conducts municipal securities activities or municipal advisory activities. Except as set forth below, [S]such fee must be received at the office of the Board no later than October 31 of the fiscal year for which the fee is paid, accompanied by the invoice sent to the broker, dealer, [or] municipal securities dealer, or municipal advisor by the Board, or a written statement setting forth the name, address and Commission registration number of the broker, dealer, [or] municipal securities dealer, or municipal advisor on whose behalf the fee is paid. No municipal advisor shall be in violation of this rule for failure to pay this annual fee in advance of January 1, 2011.

* * * *

(b) Not applicable

(c) Not applicable

2. Procedures of Self-Regulatory Organization

The proposed rule change was adopted by the Board at its October 20-22, 2010 meeting. Questions concerning this filing may be directed to Peg Henry, Deputy General Counsel, at (703) 797-6600.

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

(a) The purpose of the proposed rule change is to provide for the assessment of reasonable fees to defray a portion of the increased costs and expenses associated with the operation and administration of the Board attributable to the Board's regulation of municipal advisors, including an initial fee of \$100 and an annual fee of \$500. Except as described below, the proposed rule change applies the provisions of Rules A-12 and A-14 to municipal advisor firms in the same manner that they currently apply to brokers, dealers, and municipal securities dealers ("dealers"). Individuals will not be required to pay these fees unless they are sole proprietorships. Although the initial fee under Rule A-12 normally would be payable to the Board prior to a municipal advisor firm engaging in any municipal advisory activities, the proposed rule change would permit a municipal advisor firm to engage in such activities prior to January 1, 2011 as long as the initial fee is paid by January 1, 2011. Similarly, although the annual fee under Rule A-14 normally would be payable by October 31 of each fiscal year (or, for municipal advisor firms becoming subject to MSRB rules in the current fiscal year, simultaneously with the initial fee under Rule A-12),¹ the proposed rule change would permit a municipal advisor to engage in such activities prior to January 1, 2011 so long as the annual fee for the current fiscal year of the Board is paid by January 1, 2011. Each firm subject to the rules of the Board shall be required to pay the initial fee only once, and the annual fee only once each fiscal year, even if a firm is both a dealer and a municipal advisor.

(b) The MSRB believes that the proposed rule change is consistent with Section 15B(b)(2)(J) of the Act, which provides that the Board's rules shall:

provide that each municipal securities broker, municipal securities dealer, and

¹ Dealers that first engaged in municipal securities activities after the due date for the annual fee under Rule A-14 historically have paid their annual fee for that year simultaneously with payment of the initial fee under Rule A-12. The proposed rule change codifies this existing practice with respect to the first payment of the annual fee into the text of Rule A-14 for dealers and municipal advisors that first engage in municipal securities activities or municipal advisory activities.

municipal advisor shall pay to the Board such reasonable fees and charges as may be necessary or appropriate to defray the costs and expenses of operating and administering the Board.

The \$100 initial fee imposed on municipal advisors by amended Rule A-12 and the \$500 annual fee imposed on municipal advisors by amended Rule A-14 are reasonable. The MSRB notes that the annual fee is comparable to the fees that municipal advisors must pay to state regulators if they must register as investment advisers. The initial fee is less than most states impose for the initial registration of investment advisers. The revenue resulting from these fees will defray only a small portion of the cost of MSRB regulation of municipal advisors.

Section 15B(2)(L) of the Act requires that rules adopted by the Board

not impose a regulatory burden on small municipal advisors that is not necessary or appropriate in the public interest and for the protection of investors, municipal entities, and obligated persons, provided that there is robust protection of investors against fraud.

The proposed rule change does not impose a regulatory burden on small advisors that is not necessary or appropriate in the public interest and for the protection of investors, municipal entities, and obligated persons and for the robust protection of investors against fraud. The \$100 initial fee and \$500 annual fee are *de minimis*. The annual fee is comparable to the fees that municipal advisors must pay to state regulators if they must register as investment advisers. The initial fee is less than most states impose for the initial registration of investment advisers. While the proposed rule change, at best, imposes only a *de minimis* burden on municipal advisors, the proposed rule change is necessary to help defray the costs of the MSRB's registration of municipal advisors, which in turn permits the MSRB to have a record of the municipal advisors it regulates, so that it may keep them abreast of regulatory developments, better target its rulemaking and professional qualifications examinations to different types of municipal advisors, and identify to the Commission those municipal advisors who have reportedly violated MSRB rules.

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

The Board does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act, since it would apply equally to all municipal advisors.

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

Written comments were neither solicited nor received.

6. Extension of Time Period for Commission Action

Not applicable.

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

The proposed rule change is to take effect upon filing pursuant to Section 19(b)(3)(A)(ii) of the Act and Rule 19b-4(f)(2) thereunder. The MSRB hereby designates the proposed rule change as establishing a fee on municipal advisors pursuant to Section 19(b)(3)(A)(ii) and Rule 19b-4(f)(2) thereunder.

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

Not applicable.

9. Exhibits

1. Federal Register Notice.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(RELEASE NO. 34- ; File No. SR-MSRB-2010-14)

Self-Regulatory Organizations; Municipal Securities Rulemaking Board; Notice of Filing and Immediate Effectiveness of Amendments to Rule A-12, on Initial Fee, and Rule A-14, on Annual Fee

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“the Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on November 1, 2010, the Municipal Securities Rulemaking Board (“Board” or “MSRB”) 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 MSRB has designated the proposed rule change as establishing a fee applicable to municipal advisors pursuant to Section 19(b)(3)(A)(ii) of the Act,³ and Rule 19b-4(f)(2) thereunder,⁴ which renders the proposal effective upon filing with the Commission. 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 is filing a proposed rule change consisting of amendments to Rule A-12, on initial fee, and Rule A-14, on annual fee, to provide for the payment to the Board by municipal advisors of initial and annual fees. The proposed rule change is effective immediately upon filing.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(ii).

⁴ 17 CFR 240.19b-4(f)(2).

. The proposed rule change would apply to municipal advisors immediately; however, it will have a deferred compliance date of December 31, 2010. The text of the proposed rule change is available on the MSRB's Website at www.msrb.org/Rules-and-Interpretations/SEC-Filings/2010-Filings.aspx, at the MSRB's principal office, and at the Commission's Public Reference Room.

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 Board 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

The purpose of the proposed rule change is to provide for the assessment of reasonable fees to defray a portion of the increased costs and expenses associated with the operation and administration of the Board attributable to the Board's regulation of municipal advisors, including an initial fee of \$100 and an annual fee of \$500. Except as described below, the proposed rule change applies the provisions of Rules A-12 and A-14 to municipal advisor firms in the same manner that they currently apply to brokers, dealers, and municipal securities dealers ("dealers"). Individuals will not be required to pay these fees unless they are sole proprietorships. Although the initial fee under Rule A-12 normally would be payable to the Board prior to a municipal advisor engaging in any municipal advisory activities, the proposed

rule change would permit a municipal advisor firm to engage in such activities prior to January 1, 2011 so long as the initial fee is paid by January 1, 2011. Similarly, although the annual fee under Rule A-14 normally would be payable by October 31 of each fiscal year (or, for municipal advisor firms becoming subject to MSRB rules in the current fiscal year, simultaneously with the initial fee under Rule A-12), the proposed rule change would permit a municipal advisor firm to engage in such activities prior to January 1, 2011 so long as the annual fee for the current fiscal year of the Board is paid by January 1, 2011. Each firm subject to the rules of the Board shall be required to pay the initial fee only once, and the annual fee only once each fiscal year, even if a firm is both a dealer and a municipal advisor.

2. Statutory Basis

The MSRB believes that the proposed rule change is consistent with Section 15B(b)(2)(J) of the Act, which provides that the Board's rules shall:

provide that each municipal securities broker, municipal securities dealer, and municipal advisor shall pay to the Board such reasonable fees and charges as may be necessary or appropriate to defray the costs and expenses of operating and administering the Board.

The \$100 initial fee imposed on municipal advisors by amended Rule A-12 and the \$500 annual fee imposed on municipal advisors by amended Rule A-14 are reasonable. In its filing, the MSRB noted that the annual fee is comparable to the fees that municipal advisors must pay to state regulators if they must register as investment advisers. The initial fee is less than most states impose for the initial registration of investment advisers. The revenue resulting from these fees will defray only a small portion of the cost of MSRB regulation of municipal advisors.

Section 15B(2)(L) of the Act requires that rules adopted by the Board

not impose a regulatory burden on small municipal advisors that is not necessary or appropriate in the public interest and for the protection of investors, municipal

entities, and obligated persons, provided that there is robust protection of investors against fraud.

The proposed rule change does not impose a regulatory burden on small advisors that is not necessary or appropriate in the public interest and for the protection of investors, municipal entities, and obligated persons and for the robust protection of investors against fraud. The MSRB stated that it considers the \$100 initial fee and \$500 annual fee to be *de minimis*. The annual fee is comparable to the fees that municipal advisors must pay to state regulators if they must register as investment advisers. The initial fee is less than most states impose for the initial registration of investment advisers. The MSRB stated that, while the proposed rule change, at best, imposes only a *de minimis* burden on municipal advisors, the proposed rule change is necessary to help defray the costs of the MSRB's registration of municipal advisors, which in turn permits the MSRB to have a record of the municipal advisors it regulates, so that it may keep them abreast of regulatory developments, better target its rulemaking and professional qualifications examinations to different types of municipal advisors, and identify to the Commission those municipal advisors who have reportedly violated MSRB rules.

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

The MSRB does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act, since it would apply equally to all municipal advisors.

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

Written comments were neither solicited nor received on the proposed rule change.

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

The proposed rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act⁵ and Rule 19b-4(f)(2)⁶ thereunder, in that it establishes fees applicable to municipal advisors. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.⁷

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 e-mail to rule-comments@sec.gov. Please include File Number SR-MSRB-2010-14 on the subject line.

Paper comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-MSRB-2010-14. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your

⁵ 15 U.S.C. 78s(b)(3)(A)(ii).

⁶ 17 CFR 240.19b-4(f)(2).

⁷ See Section 19(b)(3)(C) of the Act, 15 U.S.C. 78s(b)(3)(C).

comments more efficiently, please use only one method. The Commission will post all comments on the Commission's website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 am and 3:00 pm. Copies of such filing also will be available for inspection and copying at the MSRB's offices. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-MSRB-2010-14 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁸

Elizabeth M. Murphy
Secretary

⁸ 17 CFR 200.30-3(a)(12).