

OMB APPROVAL

OMB Number: 3235-0045
Expires: August 31, 2011
Estimated average burden
hours per response.....38

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 12

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

File No.* SR - 2011 - * 02

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

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

Pilot ☐ Extension of Time Period
for Commission Action * ☐ Date Expires *

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 *).

Proposed rule change consisting of amendments to Rule A-3, on membership on the Board

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 * Lawrence Last Name * Sandor
Title * Senior Associate General Counsel
E-mail * lsandor@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 02/18/2011

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)

Add

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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

Add

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Exhibit Sent As Paper Document

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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

Add

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Exhibit Sent As Paper Document

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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-3, on Membership on the Board. The proposed rule change is set forth below, with underlining indicating additions and brackets indicating deletions.

Rule A-3: Membership on the Board

(a) – (h) No change

(i) *Transitional Provision for the Board’s Fiscal Years* [Commencing October 1, 2010] 2011 and 2012.

(i) No change

(ii) Prior to October 1, 2010, the Board shall elect 11 new Board members – eight public representatives and three municipal advisor representatives – with terms expiring on September 30, 2012. Prior to October 1, 2011, the Board shall elect five new Board members – two public representatives and three representatives associated with brokers, dealers, municipal securities dealers or municipal advisors – with terms expiring on September 30, 2014.

(iii) – (v) No change

* * * * *

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was adopted by the Board on January 13, 2011. Questions concerning this filing may be directed to Lawrence P. Sandor, Senior Associate 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) Purpose

The purpose of the proposed rule change is to make changes to MSRB Rule A-3(i) as are necessary and appropriate to retain a 21 member Board of Directors, including

11 public members and 10 regulated representatives, consistent with current MSRB transitional Rule A-3(i) and the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203, 124 Stat. 1376 (2010) (the “Dodd-Frank Act”).¹ Transitional Rule A-3(i), adopted on September 30, 2010 to comply with the Board composition requirements of Section 975 of the Dodd-Frank Act, established a two-year transition period for achieving a permanent Board structure under the new composition requirements of the Dodd-Frank Act and envisioned a series of further amendments to the rule during the transition period in furtherance thereof. The transitional period commenced on October 1, 2010 and concludes on September 30, 2012. The proposed rule change consists of amendments to MSRB Rule A-3(i) to provide for a three-year term for the class of five Board members – two public and three representing MSRB regulated entities – who will commence service on October 1, 2011. The amendments to Rule A-3(i) provide that the next class of Board members will consist of two public members and three members representing any category of regulated entity, including broker-dealers, bank dealers, and municipal advisors. The rule change further provides that the new class of five members of the Board of Directors will serve a three-year term.

The rule would state explicitly that five new members would be elected to the Board of Directors, although implicit in the rule, since five Board members are retiring as of September 30, 2010, and the MSRB must maintain a Board of Directors of 21 members during the transitional period. Further, the rule would state explicitly that two of the five new members would be public directors and three would be representative of MSRB regulated entities. While also implicit in Rule A-3(i), the rule change would make clear that the three industry positions may be filled by representatives of broker-dealers, bank dealers or municipal advisors, since the retiring industry members are representative of broker-dealers or bank dealers. Finally, the rule change would provide that the new class of five directors would have a three-year term. While the directors have historically served three-year terms, the most recent Board class, elected at the start of the transitional period, was elected for a two-year term.

Thus, this proposed rule change is intended to establish a three-year term for the five new Board members who will commence service on October 1, 2011, consistent with Section 15B(b)(1) of the Securities Exchange Act of 1934 and prior Board practice. The proposed rule change would amend MSRB Rule A-3(i) in order to provide for the election of a new five member class for a three-year term commencing on October 1, 2011. Of the five new members, two would be members of the public and three would be regulated representatives who are representative of and associated with brokers, dealers, municipal securities dealers or municipal advisors. During the transitional period, at least 30 percent of the total number of regulated representatives on the Board will continue to be individuals who are associated with and representative of municipal advisors and not associated with brokers, dealers or municipal securities dealers.

¹ See Exchange Act Release No. 63025 (Sep. 30, 2010), 75 FR 61806 (Oct. 6, 2010).

(b) Statutory Basis

The MSRB has adopted the proposed rule change pursuant to Section 15B(b)(2)(B) of the Act, which provides that the MSRB's rules shall:

establish fair procedures for the nomination and election of members of the Board and assure fair representation in such nominations and elections of public representatives, broker dealer representatives, bank representatives, and advisor representatives.

The MSRB believes that the proposed rule change is consistent with the Act, as amended by the Dodd-Frank Act, in that it would provide for the maintenance of a 21 member Board with a majority of public members and have fair representation of broker-dealers, bank dealers, and municipal advisors, consistent with MSRB Rule A-3(i) as approved by the SEC.

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 is solely concerned with the administration of the MSRB and, in any event, provides for fair representation on the Board of public representatives, broker dealer representatives, bank dealer representatives and municipal advisor representatives.

5. 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.

6. Extension of Time Period of 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)(iii) of the Act and Rule 19(b)-4(f)(6) thereunder, with an operative date more than 30 days after notice of filing of the proposed rule change or such shorter time as the Commission may designate consistent with the protection of investors and the public interest. The proposed rule change does not significantly affect the protection of investors or the public interest and does not impose any significant burden on competition. The MSRB provided the required written notice of its intention to file the proposed rule change to the Commission on February 10, 2011 and the proposed rule change will

become operative on April 1, 2011, which is more than 30 days after the filing of the proposed rule change.

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-2011-02)

Self-Regulatory Organizations; Municipal Securities Rulemaking Board; Notice of Filing and Immediate Effectiveness of Rule Change Consisting of Amendments to MSRB Rule A-3, on Membership on the Board

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 February 18, 2011, 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 filed the proposal as a “non-controversial” rule change pursuant to Section 19(b)(3)(A)(iii),³ and Rule 19b-4(f)(6) 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 with the SEC a proposed rule change consisting of amendments to MSRB Rule A-3, on membership on the Board.

The text of the proposed rule change is available on the MSRB’s website at www.msrb.org/Rules-and-Interpretations/SEC-Filings/2011-Filings.aspx, at the MSRB’s principal office, and at the Commission’s Public Reference Room.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(iii).

⁴ 17 CFR 240.19b-4(f)(6).

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 make changes to MSRB Rule A-3(i) as are necessary and appropriate to retain a 21 member Board of Directors, including 11 public members and 10 regulated representatives, consistent with current MSRB transitional Rule A-3(i) and the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203, 124 Stat. 1376 (2010) (the "Dodd-Frank Act").⁵ Transitional Rule A-3(i), adopted on September 30, 2010 to comply with the Board composition requirements of Section 975 of the Dodd-Frank Act, established a two-year transition period for achieving a permanent Board structure under the new composition requirements of the Dodd-Frank Act and envisioned a series of further amendments to the rule during the transition period in furtherance thereof. The transitional period commenced on October 1, 2010 and concludes on September 30, 2012. The proposed rule change consists of amendments to MSRB Rule A-3(i) to provide for a three-year term for the class of five Board members – two public and three representing MSRB regulated entities – who will commence service on October 1, 2011. The amendments to Rule

⁵ See Exchange Act Release No. 63025 (Sep. 30, 2010), 75 FR 61806 (Oct. 6, 2010).

A-3(i) provide that the next class of Board members will consist of two public members and three members representing any category of regulated entity, including broker-dealers, bank dealers, and municipal advisors. The rule change further provides that the new class of five members of the Board of Directors will serve a three-year term.

The rule would state explicitly that five new members would be elected to the Board of Directors, although implicit in the rule, since five Board members are retiring as of September 30, 2010, and the MSRB must maintain a Board of Directors of 21 members during the transitional period. Further, the rule would state explicitly that two of the five new members would be public directors and three would be representative of MSRB regulated entities. While also implicit in Rule A-3(i), the rule change would make clear that the three industry positions may be filled by representatives of broker-dealers, bank dealers or municipal advisors, since the retiring industry members are representative of broker-dealers or bank dealers. Finally, the rule change would provide that the new class of five directors would have a three-year term. While the directors have historically served three-year terms, the most recent Board class, elected at the start of the transitional period, was elected for a two-year term.

Thus, this proposed rule change is intended to establish a three-year term for the five new Board members who will commence service on October 1, 2011, consistent with Section 15B(b)(1) of the Securities Exchange Act of 1934 and prior Board practice. The proposed rule change would amend MSRB Rule A-3(i) in order to provide for the election of a new five member class for a three-year term commencing on October 1, 2011. Of the five new members, two would be members of the public and three would be regulated representatives who are representative of and associated with brokers, dealers, municipal securities dealers or municipal advisors. During the transitional period, at least 30 percent of the total number of regulated

representatives on the Board will continue to be individuals who are associated with and representative of municipal advisors and not associated with brokers, dealers or municipal securities dealers.

2. Statutory Basis

The MSRB has adopted the proposed rule change pursuant to Section 15B(b)(2)(B) of the Act, which provides that the MSRB's rules shall:

establish fair procedures for the nomination and election of members of the Board and assure fair representation in such nominations and elections of public representatives, broker dealer representatives, bank representatives, and advisor representatives.

The MSRB believes that the proposed rule change is consistent with the Act, as amended by the Dodd-Frank Act, in that it would provide for the maintenance of a 21 member Board with a majority of public members and have fair representation of broker-dealers, bank dealers, and municipal advisors, consistent with MSRB Rule A-3(i) as approved by the SEC.

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 is solely concerned with the administration of the MSRB and, in any event, provides for fair representation on the Board of public representatives, broker dealer representatives, bank dealer representatives and municipal advisor representatives.

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 MSRB represented that the proposed rule change qualifies for immediate

effectiveness pursuant to Section 19(b)(3)(A)(iii) of the Act⁶ because it: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) does not become operative for 30 days after filing or such shorter time as the Commission may designate consistent with the protection of investors and the public interest.⁷ The MSRB provided the required written notice of its intention to file the proposed rule change to the Commission on February 10, 2011, and the proposed rule change will become operative on April 1, 2011, which is more than 30 days after the filing of the proposed rule change.

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.⁸

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-

⁶ 15 U.S.C. 78s(b)(3)(A)(iii).

⁷ In addition, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission.

⁸ See Section 19(b)(3)(C) of the Act, 15 U.S.C. 78s(b)(3)(C).

2011-02 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-2011-02. This file number should be included on the subject line if e-mail 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 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-2011-02 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.⁹

Elizabeth M. Murphy
Secretary

⁹ 17 CFR 200.30-3(a)(12).