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Affected Rules
[Rule A-11](#), [Rule A-12](#),
[Rule G-3](#), [Rule G-27](#),
[Rule G-44](#)

MSRB Amends Certain Rules to Provide Regulatory Relief During COVID-19 Pandemic

Overview

The Municipal Securities Rulemaking Board (MSRB) filed a proposed rule change with the U.S. Securities and Exchange Commission (SEC) to provide regulatory relief on a temporary basis to brokers, dealers and municipal securities dealers (“dealers”) and municipal advisors (collectively, “regulated entities”) in light of the operational challenges due to the disruptions to normal business operations as a result of the coronavirus disease (COVID-19) pandemic.

In an effort to afford regulated entities an opportunity to better manage and allocate resources during these unprecedented times, the proposed rule change (i) suspends late fees owed for the period of March 1, 2020 through July 31, 2020; (ii) modifies the date by which compliance obligations must be completed under certain MSRB rules for a temporary period; and (iii) extends the compliance date of certain rule changes that have yet to be implemented.

The proposed rule change was filed for immediate effectiveness on April 9, 2020. The MSRB is publishing this notice to outline the temporary relief.

Summary of Temporary Relief

The relief provided by the MSRB does not extend beyond the identified rules and requirements outlined below. The MSRB will continue to monitor the COVID-19 pandemic and the related risks of market disruption and operational challenges.



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Temporary Suspension of Late Fees

The proposed rule change suspends the charging of late fees related to the regulatory fees assessed by the MSRB. More specifically, fees that are billed by the MSRB (or come due) during the period of March 1, 2020 through July 31, 2020, but are not paid timely by regulated entities, shall not incur late fees during this period. However, beginning on August 1, 2020, unpaid balances of the subject fees outlined below would incur late fee charges beginning on August 1, 2020 until such time as the balance is paid.

Specifically, the late fees assessed under:

- MSRB Rule A-11, on assessments for municipal advisor professionals, for the annual municipal advisor professional fees owed for MSRB Fiscal Year 2020;¹ and
- MSRB Rule A-12(d), on late fees, related to the fees assessed under the rule;² and for fees assessed under MSRB Rule A-13, on underwriting and transaction assessments for brokers, dealers and municipal securities.³

Extension of Time to Complete Certain Supervisory Functions

The proposed rule change will allow certain annual supervisory obligations under MSRB Rule G-27, on supervision, and MSRB Rule G-44, on supervisory and compliance obligations of municipal advisors, to be completed on or before March 31, 2021. Specifically, the following supervisory obligations shall be deemed to have been completed timely for calendar year 2020, provided that such supervisory obligations are completed on or before March 31, 2021:

¹ The annual municipal advisor professional fee based on each person associated with the municipal advisor who is qualified as a municipal advisor representative and for whom the municipal advisor has on file with the Commission a Form MA-I, as of January 31 of each year, is generally due by April 30 each year.

² Late fees charged pursuant to Rule A-12(d) with respect to fees assessed under the rule is referring to the annual registration fee of \$1,000, which is due by October 31, each year, as required under Rule A-12(c).

³ Late fees charged pursuant to Rule A-12(d) with respect to fees assessed under Rule A-13 is referring to certain underwriting assessments, and transaction and technology fees.

- An inspection by each dealer of an office of municipal supervisory jurisdiction, branch office or non-branch location, pursuant to Rule G-27(d)(i)(A) – (C), as applicable;⁴
- The dealer’s annual compliance interview or meeting, pursuant to Rule G-27(b)(vii) at which compliance matters relevant to the municipal securities activities of the representative(s) and principal(s) are discussed;
- The submission of a report from the designated principal(s) to the dealer’s senior management, pursuant to Rule G-27(f)(i), detailing the review of the firm’s supervisory controls; and
- The completion of the annual certification by the chief executive officer(s) (or equivalent officer(s)) of a municipal advisor, pursuant to Rule G-44(d), to certify in writing that the municipal advisor has in place processes to establish, maintain, review, test and modify written compliance policies and written supervisory procedures.⁵

Extension of Time to Complete Certain Professional Qualification Standards

The Financial Industry Regulatory Authority (FINRA), as appointed by the Commission, provides test administration services to the MSRB for the delivery of MSRB-owned professional qualification examinations.⁶ FINRA uses Prometric⁷ for the delivery of the professional qualification examinations that FINRA is charged with administering, including MSRB-owned professional qualification examinations.

On March 17, 2020, Prometric announced that, due to the COVID-19 pandemic, it was temporarily closing all of its test center locations in the United States and Canada through

⁴ Consistent with Rule G-27 (g)(ii)(A)(7), a temporary location established in response to the implementation of a business continuity plan is not deemed an office for purposes of complying with inspection obligations.

⁵ This requirement, however, shall not apply to municipal advisors that are subject to a substantially similar certification requirement of Financial Industry Regulatory Authority with respect to all applicable rules.

⁶ See, e.g., Release No. 34-75714 (Aug. 17, 2015) (Designation of the Financial Industry Regulatory Authority to Administer Professional Qualification Tests for Associated Persons of Registered Municipal Advisors).

⁷ Prometric is a leading provider of technology-enabled testing and assessment solutions to many of the world’s most recognized licensing and certification organizations, academic institutions, and government agencies. See <https://www.prometric.com>.

April 15, 2020.⁸ While, at this time, Prometric has not announced a deviation from its planned resumption of operations effective April 16, 2020, there is no certainty as to when Prometric will resume operation of its testing centers nor when individuals would be able to visit any open testing center due to stay-at-home orders.

For those reasons, the proposed rule change provides additional time to allow firms and individuals to fulfill certain professional qualification standards established under MSRB Rule G-3, on professional qualification requirements, consistent with MSRB Rule G-2, on standards of professional qualification, as follows:

- The date by which an individual functioning in the capacity as a principal before passing the applicable MSRB-owned principal qualification examination pursuant to Rule G-3(b)(ii)(D), G-3(b)(iv)(B)(4) or G-3(c)(ii)(D), as applicable, would be extended 120 days from the time the MSRB announces that Prometric has resumed access to its testing centers;⁹
- The date by which an individual has to complete their Regulatory Element component of continuing education training, as required pursuant to Rule G-3(i)(i)(A)(1), would, provided that the individual is unable to complete the training remotely, be extended 120 days from the time the MSRB announces that Prometric has resumed access to its testing centers;¹⁰
- The date by which persons acting in the capacity of a municipal advisor principal¹¹ are required to become qualified with the Municipal Advisor Principal Qualification Examination (Series 54) would be extended from November 12, 2020 to March 31, 2021;¹² and

⁸ See <https://www.prometric.com/corona-virus-update>.

⁹ MSRB will publish a Notice announcing when Prometric resumes operations in its testing centers so regulated entities are on notice of when the 120-day period begins to toll.

¹⁰ This extension is only for purposes of compliance with MSRB Rule G-3(i)(i)(A)(1) and is not intended to provide relief to individuals who may need to complete the Regulatory Element component of continuing education pursuant to the rules of another regulatory authority.

¹¹ Under Rule G-3(e), the term "municipal advisor principal" means a natural person associated with a municipal advisor who is directly engaged in the management, direction or supervision of the municipal advisory activities of the municipal advisor and its associated persons. To become qualified as a municipal advisor principal a person must, as a pre-requisite, take and pass the Municipal Advisor Representative Qualification Examination; and take and pass the Municipal Advisor Principal Qualification Examination.

¹² On October 11, 2019, the MSRB announced that those acting in the capacity of a municipal advisor principal would have a one-year grace period, sunsetting on November 12, 2020, to

- The date by which regulated entities must complete a needs analysis and deliver continuing education, pursuant to Rule G-3(i)(i)(B) and G-3(i)(ii), shall be deemed to have been timely completed for calendar year 2020, provided that the needs analysis and the delivery of continuing education are completed on or before March 31, 2021.

Extension of Previously Announced Compliance Dates

On January 31, 2020, the MSRB announced a compliance date of November 30, 2020 for the amended and restated guidance regarding the fair dealing obligations underwriters owe to issuers of municipal securities under MSRB Rule G-17, on conduct of municipal securities and municipal advisory activities (the “Revised Interpretive Notice”).¹³ The MSRB is proposing to extend the compliance date to implement the Revised Interpretive Notice until March 31, 2021; underwriting relationships commenced by dealers on or after the revised compliance date will be subject to the Revised Interpretive Notice.¹⁴

On December 20, 2019, the MSRB announced a compliance date of November 30, 2020 for amendments to Form G-32.¹⁵ These amendments to Form G-32 are designed to collect new data elements from underwriters related to primary offerings of municipal securities through the MSRB’s Electronic Municipal Market Access (EMMA®) Dataport system, the majority of which is data underwriters are presently required to input into the Depository

pass the Series 54. As a result, individuals qualified with the Municipal Advisor Representative Qualification Examination (Series 50) will be able to continue to engage in principal-level activities without passing the Series 54 until March 31, 2021. See MSRB Notice 2019-18 (October 21, 2019) announcing the launch of the Series 54 exam, which the SEC had approved on November 20, 2018. See Release No. 34-84630 (Nov. 20, 2018), 80 FR 60927 (Nov. 27, 2018) (File No. SR-MSRB-2018-07).

¹³ MSRB Notice 2020-03 (Jan 31, 2020) announcing the effective date for the Revised Interpretive Notice, which the SEC had approved on November 6, 2019. See Release No. 34-87478 (Nov. 6, 2019); 84 FR 61660 (Nov. 13, 2019) (File No. SR-MSRB-2019- 10).

¹⁴ As stated in the Revised Interpretive Notice, an underwriting relationship is deemed to commence at the time the obligation to deliver the first disclosure is triggered (i.e., the earliest stages of an underwriter’s relationship with an issuer with respect to an issue, such as in a response to a request for proposal or in promotional materials provided to an issuer).

¹⁵ MSRB Notice 2019-21 (Dec 20, 2019), announcing the effective date for amendments to Form G-32, which the SEC had approved on June 27, 2019. See Release No. 34-86219 (June 27, 2019), 84 FR 31961 (July 3, 2019) (File No. SR-MSRB-2019- 07).

Trust Company's New Issue Information Dissemination Service. The MSRB is proposing to extend the compliance date for amended Form G-32 until March 31, 2021.¹⁶

Questions about this notice may be directed to Gail Marshall, Chief Compliance Officer, at 202-838-1361, or Bri Joiner, Director, Professional Qualifications, at 202-838-1347.

April 9, 2020

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Text of Amendments¹⁷

Rule A-11: Assessments for Municipal Advisor Professionals

(a) – (b) No change.

Supplementary Material

.01 Temporary Suspension of Late Fees. Notwithstanding the late fees specified in section (b) of this rule, no late fees will be assessed on municipal advisors that fail to timely pay the annual professional fee due under section (a) of this rule for the period of March 1, 2020 through July 31, 2020. Beginning on August 1, 2020, unpaid balances on any annual municipal advisor professional fees assessed under section (a) will become subject to late fees as specified in section (b) for the period beginning August 1, 2020 until such time as the balance is paid.

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Rule A-12: Registration

(a) – (l) No change.

Supplementary Material

.01 Temporary Suspension of Late Fees. Notwithstanding the late fees specified in section (d) of this rule, no late fees will be assessed on any broker, dealer, municipal securities dealer or municipal advisor that

¹⁶ Consistent with its prior pronouncement, the MSRB will make the amended Form G-32 available in advance of the revised compliance date so that dealers can operationalize processes for compliance with the amended form.

¹⁷ Underlining indicates new language, strikethrough denotes deletions.

has unpaid balances on any fee assessed under this rule or Rule A-13 for the period of March 1, 2020 through July 31, 2020. Beginning on August 1, 2020, any unpaid balances on any fees assessed under this rule or Rule A-13 that are more than 30 days past the invoice date are subject to late fees as specified in section (d) for the period beginning August 1, 2020 until such time as the balance is paid.

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Rule G-3: Professional Qualification Requirement

(a) – (i) No change.

Supplementary Material

.01 – .05 No change.

.06 Temporary Relief for Municipal Securities Principal. For a temporary period, notwithstanding the requirements of (b)(ii)(D), the requirements of (b)(ii)(A) shall not apply to any person designated a municipal securities principal who is qualified as a municipal securities representative or general securities representative with at least 18 months of experience functioning as a representative within the five-year period immediately preceding the principal designation, or as a general securities principal, provided however that each such person shall be required to take and pass the professional qualification examination required under (b)(ii)(A) within 120 days of the expiration date of the temporary period, which the MSRB will publicly announce on its website.

.07 Temporary Relief for Municipal Securities Limited Principal. For a temporary period, notwithstanding the requirements of (b)(iv)(B)(4), the requirements of (b)(iv)(B)(1) and (b)(iv)(B)(2) shall not apply to any person designated a municipal fund securities limited principal who is qualified as a general securities representative or investment company/variable contracts limited representative, provided that such qualified representative has at least 18 months of experience functioning as a representative within the five-year period immediately preceding the principal designation, or as a general securities principal or investment company/variable contracts limited principal, provided however that each such person shall be required to take and pass the qualification examination required under (b)(iv)(B)(1) and satisfy the professional qualification standards of (b)(iv)(B)(2) within 120 days of the expiration date of the temporary period, which the MSRB will publicly announce on its website.

.08 Temporary Relief for Municipal Securities Sales Principal. For a temporary period, notwithstanding the requirements of (c)(ii)(D), the requirements of (c)(ii)(A) shall not apply to any person designated a municipal securities sales principal who is qualified as a municipal securities representative or general securities representative, provided that such qualified representative has at least 18 months of experience functioning as a representative within the five-year period immediately preceding the principal designation, or as a general securities principal, provided however that each such person shall be required to take and pass the qualification examination required under (c)(ii)(A) within 120 days of the expiration date of the temporary period, which the MSRB will publicly announce on its website.

.09 Temporary Relief for Municipal Advisor Principal. Notwithstanding the requirements of (e)(ii)(A)(2), any person who is qualified as a municipal advisor representative pursuant to (d)(ii)(A) may be designated a municipal advisor principal, as that term is defined under (e)(i), provided however that each such person shall be required to take and pass the Municipal Advisor Principal Qualification Examination on or before March 31, 2021.

.10 Temporary Relief for Regulatory Element Standards. For a temporary period, notwithstanding the requirements of (i)(i)(A)(1), each broker, dealer or municipal securities dealer may permit any registered person to continue to, and the registered person is permitted to continue to, perform duties as a registered person without completing the requisite Regulatory Element provided that such registered person completes any Regulatory Element required under (i)(i)(A)(1) within 120 days of the MSRB publicly announcing the expiration date of the temporary period.

.11 Temporary Relief for Firm Element Standards. Each broker, dealer or municipal securities dealer shall be deemed to have satisfied its Firm Element obligations for calendar year 2020 if the Firm Element standards under of (i)(i)(B)(2) are completed on or before March 31, 2021.

.12 Temporary Relief for Municipal Advisor Continuing Education Requirements. Each municipal advisor shall be deemed to have satisfied its Continuing Education obligations for calendar year 2020 if the standards under of (i)(ii)(B)(2) are completed on or before March 31, 2021.

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Rule G-27: Supervision

(a) – (g) No change.

Supplementary Material

.01 Temporary Relief for Completing Office Inspections. Each dealer obligated to complete an inspection of an office of municipal supervisory jurisdiction, branch office or non-branch location in calendar year 2020 pursuant to, as applicable, (d)(i)(A), (B) and (C) above, shall be deemed to have satisfied such obligation if the applicable inspection(s) are completed on or before March 31, 2021. Consistent with (g)(ii)(A)(7), a temporary location established in response to the implementation of a business continuity plan is not deemed an office for purposes of complying inspection obligations.

.02 Temporary Relief for Completing Annual Compliance Meeting. Each dealer obligated to have each registered representative and registered principal complete an annual compliance interview or meeting pursuant to (b)(vii) above shall be deemed to have satisfied such obligation for calendar year 2020 if such compliance interview or meeting is completed on or before March 31, 2021.

.03 Temporary Relief for Completing Annual Supervisory Testing. Each dealer obligated to complete an annual test of its supervisory control system and report such results pursuant to (f)(i) above shall be deemed to have satisfied such obligation for calendar year 2020 if such testing and reporting is completed on or before March 31, 2021.

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Rule G-44: Supervisory and Compliance Obligations of Municipal Advisors

(a) – (g) No change.

Supplementary Material

.01 – .09 No change.

.10 Temporary Relief for Completing Annual Certification. Each municipal advisor obligated to have its Chief Executive Officer(s)(or equivalent officer(s)) complete an annual certification that the firm has in place processes to establish, maintain, review, test and modify the municipal advisor’s written compliance policies and written supervisory procedures pursuant to G-44(d) shall be deemed to have satisfied such obligation for calendar year 2020, if such certification is completed on or before March 31, 2021.