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Category
Administration

Affected Rules
[Rule A-12](#)

MSRB Amends Rule A-12, on Registration, and Provides Accompanying Form A-12 Changes

Overview

The Municipal Securities Rulemaking Board (MSRB) filed with the Securities and Exchange Commission (SEC)¹ a proposed rule change to amend Rule A-12, on registration, that would, among other things, extend the time period to January 31 of each year for brokers, dealers and municipal securities dealers (collectively, “dealers”) and municipal advisors (together with dealers, “regulated entities” or “registrants”) to annually affirm the information on Form A-12, the MSRB’s consolidated electronic registration form. In addition, the proposed rule change requires the primary regulatory contact of a municipal advisor firm to be duly qualified as a municipal advisor principal by having taken and passed the Municipal Advisor Principal Qualification Examination (Series 54). Accompanying amendments to Form A-12 are also included in the proposed rule change to improve the usability of the registration form.

The proposed rule change was filed for immediate effectiveness, and becomes operative on January 1, 2023, the first day of the 2023 Form A-12 annual affirmation period.

Background

Rule A-12 requires regulated entities to initially register with the MSRB prior to engaging in any municipal securities business or municipal advisory activities and to complete and submit Form A-12 in the specified electronic format through a web portal located on the MSRB’s website.² Form A-12 is also used for any registration amendments, including the



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¹ File No. SR-MSRB-2022-10.

² Prior to registration with the MSRB, each dealer and municipal advisor must first register with, and receive approval from, the SEC.

required annual affirmation process³ and withdrawal from registration with the MSRB. As part of its ongoing retrospective review, the MSRB identified aspects of Rule A-12 and the accompanying Form A-12 that may benefit from greater clarity, simplification and modernization, as discussed below.

Summary of the Proposed Amendments

Removal of Separate Documentation for the Notice Requirement

Rule A-12(a) requires that each dealer notify the appropriate registered securities association or appropriate regulatory agency, when registering initially or when adding a new registration category, of its intent to engage in municipal securities and/or municipal advisory activities, and then provide written evidence of such notice to the MSRB.⁴ Because approval of registration with the SEC is a prerequisite to registration with the MSRB, Rule A-12 does not require registrants to evidence such notice to the SEC. Currently dealers provide written evidence to the MSRB of notice having been provided to FINRA or, as applicable, the FRB, FDIC, or OCC by uploading a PDF document to Form A-12.⁵ The proposed rule change will simplify and clarify that obligation under Rule A-12, removing the requirement to upload a PDF document to Form A-12. Instead, dealers will be required to provide the evidence of the written notice on Form A-12 directly, by including the name of the person who is the firm's point of contact at the registered securities association or appropriate regulatory agency, the email address where the notification was sent, the date of such notification and the

³ Each dealer and municipal advisor must review, update as necessary, and affirm the information in Form A-12 during the annual affirmation period. The annual affirmation must be completed by the Primary Regulatory Contact, Optional Regulatory Contact or Compliance Contact designated by the firm. Any dealer or municipal advisor that submits its initial Form A-12 during the annual affirmation period need not affirm Form A-12 during that period.

⁴ The term "appropriate regulatory agency," with respect to a municipal securities dealer, means the Comptroller of the Currency (OCC), Board of Governors of the Federal Reserve System (FRB), or the Federal Deposit Insurance Corporation (FDIC), and the SEC. With respect to municipal advisors, "appropriate regulatory agency" means the SEC. See 15 U.S.C. 78c(a)(34)(A) and MSRB Rule D-14. The appropriate registered securities association for broker-dealers is the Financial Industry Regulatory Authority (FINRA), as defined in 15 U.S.C. 78o-3.

⁵ Pursuant to Rule A-12(l), the [MSRB Registration Manual](#), as updated or amended from time to time, is comprised of the specifications for the reporting of information required under Rule A-12. The Registration Manual notes that a signed written notice must be uploaded as a PDF document and should include, among other things, the regulatory agency that was notified and the date notification was given. See MSRB Registration Manual at 13.

intended effective date the firm intends to begin engaging in municipal securities and/or municipal advisory activities.

The proposed rule change adds Supplementary Material .02, on notification requirements, which specifies that, dealers that, after initial registration, subsequently amend their registration status to add municipal advisory activities as a line of business must provide notice to FINRA or, as applicable, the FRB, FDIC, or OCC of the firm's intent to conduct the new business activity. This aligns with the goal that the appropriate regulatory authority primarily responsible for examining dealers' compliance with MSRB rules is continuously kept abreast of such line of business changes that subsequently add a new registration category for a firm post the dealer's initial registration.

Succession Information

Previously, Rule A-12 did not require, and Form A-12 did not collect, information about successor firms. The proposed rule change amends Rule A-12 to require regulated entities to provide, as applicable, information on successor firms in furtherance of regulatory consistency and supporting examination and enforcement activities of other regulators. The SEC's applications for registration, Form MA, application for municipal advisor registration; Form BD, application for broker-dealer registration; and Form MSD, application for registration as a municipal securities dealer, all contain questions about successor registrations that must be completed as part of the SEC registration process.⁶

Appropriate Regulatory Agency Designation

The proposed rule change would adopt new subparagraph A-12(f) to require municipal securities dealers to provide the name of the appropriate regulatory agency that is its designated examining authority (i.e., OCC, FRB, or FDIC), ensuring that the MSRB is kept informed of the appropriate regulatory agency that is responsible for examining the registrant's compliance with MSRB rules and any changes thereto.

⁶ See Form MA Item 3: Successions; Form BD Section III; Form MSD Item 1(a).

Designated Contacts

Under the proposed rule filing, each registrant must still designate on Form A-12, a primary regulatory contact, master account administrator, billing contact, compliance contact, and primary data quality contact. Registrants are required to provide the name, title, address, phone number, and email address of each of these designated contacts on Form A-12 and are permitted to designate one individual for any or all the required contacts.

The proposed rule change does not alter any existing obligations for each of these designated contacts. Instead, it requires the primary regulatory contact⁷ of a municipal advisor firm (and optional regulatory contact, if the firm opts to include this contact on Form A-12) to be a duly qualified municipal advisor principal by having taken and passed Series 54. As aforementioned, this does not establish a new regulatory or compliance obligation since persons associated with a municipal advisor who are directly engaged in the management, direction or supervision of the municipal advisory activities of the municipal advisor and its associated persons have been required to be qualified with the Series 54 since November 30, 2021. Rather, the proposed rule change specifies that the designated primary regulatory contact and, if applicable, the optional regulatory contact, who are persons with the authority to receive official communications from the Board, are qualified as a municipal advisor principal. Additionally, the proposed rule change aligns with existing requirements for the primary regulatory contact and optional regulatory contact, as applicable, of dealers pursuant to Rule A-12(f).

Form A-12 Annual Affirmation

The proposed rule change extends and sets the dates for the Rule A-12 annual affirmation period. Previously, the annual affirmation period began on January 1st each year and ended 17 business days thereafter. The proposed rule change simplifies the requirement and alleviates the confusion surrounding the annual filing deadline by extending the annual affirmation period and fixing the dates to begin January 1st and end January 31st each year. In addition, any initial application or amendment filed during the month of January will be deemed an annual affirmation.

⁷ The primary regulatory contact is charged with receiving official communications from the MSRB.

Other Form A-12 Changes

The proposed rule includes other accompanying Form A-12 changes, including the following revisions:

- **General Information regarding Registrant:**
 - **Name:** The field for “Name” will be renamed to “Firm’s Legal Name.”
 - **Doing-Business-As (DBA) Name:** The MSRB will add an optional text field to Form A-12 for registrants to include a “doing business as” name that may differ from the firm’s legal name provided on Form A-12.
- **Types of Business Activity:** Each registrant is presently required to identify its types of business activities and multiple activities may be selected. The following reflects the proposed changes to the business activities section of Form A-12 for the specified registration categories.
 - **Broker/Dealer – Municipal Fund Securities:** “ABLE Program Underwriting” and “ABLE Program Sales” will be added to the list of business activities from which to select.
 - **Broker/Dealer – Other:** If registrants select “Alternate Trading System” from the existing list of business activities, a new field “SEC Form ATS has been filed” will then be displayed. Registrants to whom such business activity applies will check the box affirming that the dealer is an SEC Form ATS filer.

December 13, 2022

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Text of Amendments*

Rule A-12: Registration

(a) *Registration Requirements.* Each broker, dealer and municipal securities dealer prior to engaging in municipal securities activities must register with the Board, and each municipal advisor prior to engaging in municipal advisory activities must register with the Board. Registration will not become effective until the broker, dealer, municipal securities dealer or municipal advisor is notified by the Board that its Form A-12 is complete, and its initial registration fee and annual registration fee have been received and processed. Prior to registering with the Board, ~~each broker, dealer, municipal securities dealer, and municipal advisor must:~~

(i) ~~Each broker, dealer, municipal securities dealer, and municipal advisor must register as such with, and be approved by, the Commission; and~~

(ii) ~~As applicable, Each broker, dealer and municipal securities dealer must notify, as applicable, a registered securities association or appropriate regulatory agency of its intent to engage in municipal securities and/or municipal advisory activities and provide the Board, on Form A-12, with a written statement evidencing such notification~~ the name of the person who is the firm's point of contact at the registered securities association or appropriate regulatory agency, the email address where the notification was sent, the date of such notification and the intended effective date the firm intends to begin engaging in municipal securities and/or municipal advisory activities.

(iii) If a broker, dealer or municipal securities dealer or municipal advisor succeeds to and continues the business of another broker, dealer or municipal securities dealer or municipal advisor as determined and approved by the Commission, such broker, dealer or municipal securities dealer or municipal advisor must provide such predecessor firm's full legal name, and SEC and MSRB identification numbers to the MSRB on Form A-12.

(b)-(e) No change.

(f) *Designation of the Appropriate Regulatory Agency.* Each municipal securities dealer shall provide to the Board, on Form A-12, the name of the appropriate regulatory agency (the Comptroller of the Currency, Board of Governors of the Federal Reserve System, or the Federal Deposit Insurance Corporation) responsible for examining for the firm's compliance with MSRB rules.

(g) *Designated Contacts.* Each broker, dealer, municipal securities dealer and municipal advisor must designate, on Form A-12, a Primary Regulatory Contact, Master Account Administrator, Billing Contact, Compliance Contact, and Primary Data Quality Contact, and may designate one or more of the following contacts for purposes of communication between the firm and the Board: Optional Regulatory Contact, Optional Technical Contact, or Optional Data Quality Contact. Each Primary and Optional Regulatory

* Underlining indicates new language; strikethrough denotes deletions.

Contact shall, in the case of brokers, dealers, or municipal securities dealers, be an associated person with the firm who is a registered municipal securities principal (Series 53 or, in the case of a firm solely engaged in municipal fund securities business, Series 51 or 53) of the broker, dealer or municipal securities dealer and who shall be authorized to receive official communications from the Board. Each Primary and Optional Regulatory Contact shall, in the case of municipal advisors, be an associated person with the firm who is a qualified municipal advisor principal (Series 54), who shall be authorized to receive official communications from the Board. It shall be the responsibility of the Billing Contact to receive Board invoices and to respond to any Board inquiries regarding fees.

(gh) No change.

(hi) No change.

(ij) No change.

(jk) No change.

(kl) *Form A-12 Annual Affirmation.* Each broker, dealer, municipal securities dealer and municipal advisor shall review, update as necessary, and affirm the information in Form A-12 during the Annual Affirmation Period that commences on January 1 of each calendar year and ends ~~17 business days thereafter~~ on January 31 of each year. The annual affirmation must be completed by the Primary Regulatory Contact, Optional Regulatory Contact or Compliance Contact designated by the firm. Any broker, dealer, municipal securities dealer or municipal advisor that submits ~~its~~ an initial Form A-12 or an amended Form A-12 during the Annual Affirmation Period (the month of January) need not affirm Form A-12 during that period for that calendar year.

(lm) No change.

Supplementary Material

.01 No change.

.02 Notification Requirement. If a broker, dealer, or municipal securities dealer initially provides the applicable notice of its intent to engage in municipal securities activities pursuant to subparagraph A-12(a)(ii) and subsequently amends its registration status to include municipal advisory activities, notice of the dealer's intent to engage in municipal advisory activities must be provided to, as applicable, the registered securities association or appropriate regulatory agency.