



Municipal Securities Rulemaking Board

July 9, 2024

Vanessa Countryman
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: Response to Comments on File No. SR-MSRB-2024-04

Dear Ms. Countryman,

On May 10, 2024, the Municipal Securities Rulemaking Board (“MSRB”) filed with the Securities and Exchange Commission (“Commission”) a proposed rule change, File No. SR-MSRB-2024-04, to amend MSRB Rule G-27, on supervision, adopting a new residential supervisory location classification (the “proposed rule change”).¹

The proposed rule change was published for comment in the Federal Register on May 20, 2024.² One letter was filed with the Commission in response to the proposed rule change.³ The MSRB appreciates the participation of the commenter in the rulemaking process. Below, the MSRB responds to the comments received.

Residential Supervisory Location (“RSL”)

While not opposing the proposed rule change and acknowledging that its suggestions would apply to potential future rulemaking by the MSRB and the Financial Industry Regulatory Authority (“FINRA”), BDA stated its belief that the RSL concept provides insufficient flexibility to support remote work.⁴ BDA noted that order execution or market making and structuring of public offerings or private placements are excluded from taking place at a designated RSL under the proposed rule change.⁵ BDA argued that these functions should be allowed to take place at

¹ The proposed rule change, File No. SR-MSRB-2024-04 (May 10, 2024) is available at <https://www.msrb.org/sites/default/files/2024-05/SEC-Filing-2024-04.pdf>.

² See Exchange Act Release No. 100131 (May 14, 2024), 89 FR 43961 (May 20, 2024) (File No. SR-MSRB-2024-04).

³ See Letter from Michael Decker, SVP, Research and Public Policy, Bond Dealers of America (“BDA”) (June 10, 2024) (“BDA Letter”), available at <https://www.sec.gov/comments/sr-msrb-2024-04/srmsrb202404.htm>.

⁴ See BDA Letter at 1.

⁵ Id. at 2.

an RSL given the widespread use of remote work since 2020, the frequency with which public finance bankers are already traveling and working on the road away from their office, and traders perform the same job functions on the same systems when working remotely as on site at their branch office.⁶ As BDA also noted, the MSRB's proposed rule change was designed to align with FINRA Rule 3110.19 in order to harmonize between FINRA and MSRB rules, and was therefore limited by the scope of FINRA Rule 3110.19.⁷

It is the MSRB's intention to continue to evaluate MSRB Rule G-27 in the future given the evolution of work and how and where it can take place and will take BDA's comments into consideration at that time.

Supervisory Framework

The BDA Letter discussed concerns over the differences between the supervisory framework applicable to bankers and municipal advisors.⁸ These issues are outside the scope of the proposed rule change, but the MSRB will continue to consider the regulatory burdens placed on differing stakeholder groups in future rulemaking initiatives.

The MSRB continues to believe that the proposed rule change provides a practical and balanced way for dealers to continue to effectively meet the core regulatory obligation to establish and maintain a system to supervise the activities of each associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations and with applicable MSRB rules, which directly serves investor protection.

If you have any questions, please feel free to contact me or Bri Joiner, Senior Director, Market Regulation, at 202-838-1500.

Sincerely,



Ernesto A. Lanza
Chief Regulatory and Policy Officer

⁶ Id.

⁷ Id. at 1.

⁸ Id. at 3.