



August 5, 2024

VIA ELECTRONIC SUBMISSION

Ronald W. Smith
Corporate Secretary
Municipal Securities Rulemaking Board
1300 I Street NW, Suite 1000
Washington, DC 20005

Re: MSRB Notice 2024-09 – Request for Comment on Gathering and Display of Bank Dealer Associated Persons’ Registration and Qualification Information

Dear Mr. Smith,

The Securities Industry and Financial Markets Association (“SIFMA”)¹ appreciates this opportunity to provide input on the MSRB’s Request for Comment on Gathering and Display of Bank Dealer Associated Persons’ Registration and Qualification Information.² SIFMA supports the MSRB’s proposed amendments to Form A-12, and offers suggestions to increase transparency and data quality for this information while reducing burdens on regulated entities.

Recommendations

In addition to approving the proposed amendments, MSRB should:

- Coordinate with FINRA, SEC and the banking regulators (the Office of the Comptroller of the Currency, the Federal Reserve and the Federal

¹ SIFMA is the leading trade association for broker-dealers, investment banks and asset managers operating in the U.S. and global capital markets. On behalf of our industry’s nearly 1 million employees, we advocate for legislation, regulation and business policy, affecting retail and institutional investors, equity and fixed income markets and related products and services. We serve as an industry coordinating body to promote fair and orderly markets, informed regulatory compliance, and efficient market operations and resiliency. We also provide a forum for industry policy and professional development. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA).

² See MSRB Notice 2024-09 (June 5, 2024) (the “RFC”).

Deposit Insurance Corporation and, collectively, the “Banking Regulators”) to provide universal forms for registration of regulated entities and their associated persons, and to grant regulators access to link to each other’s filings to improve information transparency; and

- Harmonize the timing of submission of associated person registration and qualification information with the requirements of FINRA’s Form U4, which is within 30 days of a non-statutory disqualifying event.

I. The Transparency Benefits to the Proposed Amendments to Form A-12 Outweigh the Administrative Burdens.

The MSRB’s proposed amendment to Form A-12 will add the following information for associated persons of bank dealers: 1) associated person name, 2) firm, 3) work location and 4) qualifications. SIFMA supports these amendments to Form A-12 to require bank dealers to provide this basic registration and qualification information about their associated persons to be publicly available. Centralizing the collection of, and making publicly accessible, this registration and qualification information would greatly enhance transparency of information about regulated professionals in the municipal securities market and would help issuers and other clients to be able to access information about the registration and qualification status of regulated professionals with whom they do business or seek to do business.³

II. Regulators Should Coordinate on Universal Forms for Registration of Regulated Entities and Their Associated Persons, and Work to Grant Regulators Access to Link to Each Other’s Filings.

The regulatory duplication and redundancy in forms with similar information that need to be sent by regulated entities in municipal securities to a variety of different regulators creates significant administrative burdens and regulatory risks. For example, FINRA’s Form BD collects similar information to MSRB’s Form A-12 and the SEC’s Form MA for registered entities. Likewise, FINRA’s form U-4, the Banking Regulators’ form MSD-4 and the SEC’s Form MA-I also collect similar information on associated persons such as name, firm name, location, address, and qualifications. MSRB should work with FINRA, the SEC and the Banking Regulators to ensure a coordinated effort to reduce the regulatory burden on dealers while increasing transparency. While it is recognized that there are challenges to harmonizing these forms across regulatory entities, SIFMA urges the relevant regulators to work towards this goal, or at a minimum increase

³ Although there will be administrative burdens in ensuring this information is collected and updated in Form A-12, MSRB Rule G-7(f) already requires bank dealers to maintain these records in a .csv file.

access and connectivity to each other's electronic databases of this information so that live links can direct market participants to one set of source data.

SIFMA notes that the MSRB currently gathers and makes publicly available on msrb.org, registration and qualification information about associated persons of municipal advisor firms. The MSRB's handling of municipal advisor associated individuals on the MSRB website and linking to SEC's EDGAR for Form MA-I registration and qualification information is a model example of how regulators can share access to information to increase transparency by posting information where market participants are most likely to search for it.

FINRA also notes that most of its bank dealer members also have a broker dealer affiliate, and most of the associated persons of bank dealers are also associated with the affiliated broker dealers. Duplicative systems and requirements should be avoided whenever possible. In order to increase information transparency and decrease unnecessarily duplication, we accordingly urge the MSRB to leverage FINRA's existing platforms for the collection and dissemination of registration and qualification information for associated persons at bank dealers so that associated persons of both bank dealers and broker-dealers are shown as dual registrants, and those who are associated only with either a bank dealer or a broker-dealer are shown as sole registrants.. Leveraging existing systems such as CRD/BrokerCheck should increase efficiency and reduce redundancy particularly for dual registrant dealer submitters, as well as increase the likelihood that market participants seeking this information can find it without multiple searches.

For example, issuers seeking to validate regulated entity and associated person information from RFPs should be able to go to a single source of information, such as FINRA's existing CRD/BrokerCheck system. Displaying associated person information for bank dealers on msrb.org bifurcates the universe of information on associated persons for municipal securities transactions across two platforms. This approach may confuse municipal securities issuers and other market participants as they may not know if the person they are searching for information on is associated with a bank dealer or a broker dealer. Industry participants look to CRD/BrokerCheck for information on dealer associated persons, and keeping all dealer associated person information collectively and centrally available would improve market accessibility to this information.

While market participants currently look to msrb.org for registration and qualification information for municipal advisors, they look to FINRA's CRD/BrokerCheck systems for information on dealer associated persons. Leveraging CRD/BrokerCheck would provide a single, easily accessible location for registration and qualification information about bank dealer and broker-dealer associated persons. This approach also would be more efficient for the MSRB in that it would not have to maintain the filings or dedicate resources to the development of a disclosure platform on the MSRB website for such filings.

III. Timing of Reporting Requirements Should Be Harmonized with FINRA U4 and U5 Requirements.

Currently, Rule A-12 requires bank dealers to affirm or amend Form A-12 information by January 31 of each year, and to update Form A-12 within 30 days if any information becomes inaccurate. SIFMA hopes that the MSRB's requirements will be aligned with the requirements of FINRA's Form U4 and U5, which do not require annual filings, but do require updating if certain information becomes inaccurate. Maintaining harmonized filing requirements across registration and qualification submissions assists regulated entities with understanding the rule and rule compliance. Further, whenever possible, leveraging FINRA's existing platforms for the collection and dissemination of registration and qualification information for associated persons at dual registrant dealers would advance such harmonization and ensure investors have the most current information available.

IV. Alternatives Presented.

Addressing the alternatives the MSRB considered, SIFMA agrees that exempting small bank dealers from submitting information on associated persons is inferior to requiring information to be submitted on all bank dealer associated persons.

The MSRB also considered the alternative where bank dealers would be required to submit Forms MSD-4 and MSD-5 directly to the MSRB, simultaneously and in addition to their banking regulator. If dual registrant firms were exempted from filing Forms MSD-4 and MSD-5 with the MSRB for associated persons otherwise included in Forms U4 and U5, the number of Forms MSD-4 and MSD-5 submitted to the MSRB would be drastically reduced. In that case, it could be helpful if the MSRB were to collect submissions of Forms MSD-4 and MSD-5. As stated above, ideally, bank dealer associated person information would be centralized with broker dealer associated person information, and we encourage further attempts to coordinate with FINRA to this end, as industry members currently look to CRD/BrokerCheck for information on securities firms and information on associated persons. Collecting the information and making it transparent on the MSRB's website is a reasonable alternative, given the limitations of current systems.

Regardless of the approach taken to collect and display registration and qualification information, the MSRB should exercise caution regarding the collection and display of associated person information, to ensure that personal identifying information is not made publicly available.

V. **Technical Amendment to Rule A-12 on Municipal Advisors Should Require Notification of Added Additional Business Line.**

SIFMA supports the technical amendment to Supplementary Material .02 of Rule A-12 to add a notification requirement for any broker, dealer or municipal securities dealer which adds a business line to engage in municipal securities activity. Such firm may have initially registered with the MSRB under Rule A-12(a) with the intent of only undertaking municipal advisory activities (and not municipal securities activities), and it is important for the MSRB to be notified when additional business lines are added. This amendment helps to level the regulatory playing field between dealers and municipal advisors, as this amendment mirrors an existing notification requirement for dealers who add a municipal advisory business line.

* * *

Thank you for considering SIFMA's comments. Overall, SIFMA appreciates the MSRB's goal to increase transparency on the registration and qualification information of associated persons of bank dealers. SIFMA supports the MSRB's proposed amendments, but does urge the MSRB, FINRA, SEC, Federal Reserve, OCC and FDIC to continue to work on reducing unnecessary burdens for regulated entities and regulators while still increasing transparency for the benefit of issuers, regulated bank dealers, regulators, and other market participants. If a fuller discussion of our comments would be helpful, I can be reached at (212) 313-1130 or lnorwood@sifma.org.

Sincerely,



Leslie M. Norwood
Managing Director and Associate General Counsel
Head of Municipal Securities

cc: ***Municipal Securities Rulemaking Board***

Ernesto A. Lanza, Chief Regulatory and Policy Officer
Frank Mazzarelli, Director, Market Regulation
Lisa Wilhelmy, Associate Director, Market Regulation

Appendix 1

1. Would the draft amendment to Form A-12 achieve the objective of providing regulatory and public access to useful information about the associated persons of bank dealers? Please explain.

The draft amendment to Form A-12 would achieve the objective of providing regulatory and public access to useful information about the associated persons of bank dealers. It is helpful for a number of market participants to have access to a centralized and transparent list of associated persons of bank dealers, similar to the information that can be found on CRD/BrokerCheck for broker dealer associated persons. Aside from the obvious benefits to regulators, there is a significant benefit for current and prospective clients of bank dealers to be able to verify registration status and qualifications of related associated persons. Instilling trust and confidence in market participants makes markets more robust.

2. Are there other public sources available for this information about the associated persons of bank dealers?

There is no centralized location for information on all bank dealer associated persons. Information on associated persons of dual registrant firms may be found on CRD/BrokerCheck.

3. If the draft amendments would impose new burdens on bank dealers, please describe in detail and quantify those burdens, to the extent possible.

The burdens to the bank dealers would include revisions of existing policies and supervisory procedures, periodic training, examination and ongoing costs for each update to Form A-12. For bank dealers with a large number of associated persons, this could be time consuming. As similar yet different information is required to be sent to FINRA and the banking regulators, such as on Form BD or MSD-4, compliance personnel will need to spend time ensuring all reports are synchronized.

4. Do you think the estimated compliance costs in Table 1 above are reasonable? If not, please provide your estimation.

Although SIFMA member firms estimate compliance costs would be higher than those estimated in Table 1, the actual compliance costs are believed to be outweighed by the perceived benefits of the amendment.

5. Please describe the benefits of access to public information about the registration and municipal securities-related examination qualification information of associated persons of bank dealers.

Access to public information about the registration and municipal securities-related examination qualification information of associated persons of bank dealers provides a number of benefits. This transparency enhances the ability of regulators to provide oversight, permits clients and potential clients the opportunity to verify information in proposals, and otherwise enhances market integrity. This information is already available and transparent to the public for associated persons of broker-dealers, and it should be available for bank dealer associated persons as well.

6. When balanced, do the draft amendments to Form A-12 and subsequent display on msrb.org of this information about associated persons of bank dealers offer relevant benefits to justify the burden to bank dealers of the additional costs for the new Form A-12 reporting requirements?

The draft amendments to Form A-12 for the collection of bank dealer associated person information and subsequent display on msrb.org offer a variety of benefits that outweigh the burdens to bank dealers for any additional costs. A key benefit is that municipal issuers will be able to verify the qualifications of bank dealer associated persons that have submitted proposals.

7. What should be the timing of amendments to Form A-12 for this information about the associated persons of bank dealers? Within 30 days as is required for other amendments to Form A-12 presently, annually during the Annual Affirmation Period only, quarterly or within another timeframe?

a. If you selected an annual update above, would an annual update provide sufficiently current information for due diligence purposes or is more frequent amendment necessary?

Not applicable.

b. If you selected amendments within 30 days above, would the benefits of more current amendments and publicly available information outweigh the burdens? Please describe.

The timing of required updates to Form A-12 should be harmonized with FINRA's Form U-4, which is 30 days. Annual updates to Form A-12 should not be necessary considering a requirement to update the form within 30 days. Harmonizing the timing of the rule requirements to other similar industry rules aids in industry understanding of and compliance with the rule. Further, requiring updates within 30 days ensures that data is accurate and timely. For these reasons, the benefits of this timing outweigh the burdens.

c. If you selected another timeframe, please describe the burdens and benefits of the timeframe you chose.

Not applicable.

8. Do the draft amendments provide protections for municipal entities or other market participants?

The draft amendments do provide protections for municipal entities and other market participants.

9. Are there considerations about the public display of this information that the MSRB should be aware of?

As stated above, it is important that personal information be suppressed from public display. The four data points to be added to Form A-12 contain general identifying information, and not personal identifying information.

10. Would the draft amendments place any undue burden or impact on small firms? If so, do you have any suggestions for alleviating or reducing this burden?

The draft amendments would place minimal burden on small firms, as bank dealers already are required to maintain these records pursuant to Rule G-7(f).

11. Would the draft amendments place undue burden on larger firms? If so, do you have any suggestions for alleviating or reducing this burden?

Again, the draft amendments would place minimal burden on larger firms, as bank dealers already are required to maintain these records pursuant to Rule G-7(f).