



March 16, 2026

VIA ELECTRONIC SUBMISSION

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

Re: MSRB Notice 2026-01 – Request for Comment on MSRB Rule G-27 on Dealer Supervision

Dear Mr. Smith,

SIFMA¹ appreciates this opportunity to provide input on MSRB Notice 2026-01², and applauds the MSRB's forward-thinking efforts to modernize its rules to reduce undue compliance burdens on regulated entities while continuing to provide appropriate investor and issuer protections. In furtherance of this goal the MSRB should:

- eliminate all location-based concepts of supervision, recognizing that functional-based supervision comports with how business and supervision is conducted today and how regulators operate in the current electronic workplace;
- if that is not possible at this time,
 - approve the draft amendments that increase the length of the exclusion from the municipal branch office registration for locations other than a primary residence from 30 business days to 60 business days; and
 - approve, with our suggested edits, the draft amendments which clarify that the term “structuring” in the definition of “office of municipal supervisory jurisdiction” does not include “public finance activities.”

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 MSRB Notice 2026-01 (Jan. 14, 2026).

I. The MSRB Should Eliminate All Location-Based Concepts of Supervision, Recognizing that Functional-Based Supervision Comports with How Business and Supervision is Conducted Today and how Regulators Operate in the Current Electronic Workplace

SIFMA is very pleased the MSRB has taken the opportunity to review MSRB Rule G-27, on dealer supervision, considering the changes to the modern workplace.³ SIFMA appreciates that the MSRB has begun to address some of the longstanding issues with Rule G-27. SIFMA thanks the MSRB for its creativity and feels strongly that this is a unique opportunity for the MSRB to make additional amendments to Rule G-27 so that the rule not only reflects how business and supervision is conducted today and how regulators operate in the current electronic workplace, but also positions the rule to cover inevitable future developments, including paperless workflows, around the clock trading cycles, and tokenized securities.

Rule G-27 was originally adopted when business was conducted in person, with paper documents, in offices that custodied cash and/or securities. All documents and processes are now electronic and moving to or have moved to cloud storage where they are not even stored in computer hardware at a work location. Physical securities no longer exist, and funds are moved electronically. The current supervision rule creates unwitting challenges, including requirements for there to be a supervisor in a “onesie” one-person office even though that supervisor has no supervisory capabilities because they cannot supervise themselves.

It is not lost on the industry that despite Rule G-27 having requirements for location-based supervisions, virtually all SEC and FINRA examinations since 2020 have been conducted in an effective manner either largely or completely electronically. If the regulators are able to effectively conduct remote examinations of broker-dealers and carry out other statutory obligations via fully remote or hybrid work arrangements, then broker-dealers should be able to effectively conduct remote supervision themselves.

Comparatively, MSRB Rule G-44, on supervisory and compliance obligations of municipal advisors, has no location-based supervision requirements. Municipal advisors have been able to effectively supervise their compliance with MSRB rules without location-based requirements since the adoption of Rule G-44. Further, if the SEC and FINRA can conduct effective examinations on municipal advisors who operate without regulatory burdens mandating location-based supervision, as they have for the past six years, then the SEC and FINRA should similarly be able to conduct effective examinations of broker-dealers without location-based supervision requirements.

SIFMA advocates for the elimination of the definition of an office of municipal supervisory jurisdiction (“OMSJ”). The OMSJ designation was originally intended for physical offices that

³ SIFMA also appreciates that FINRA is reviewing its rules on supervision in the modern workplace. *See also*, SIFMA letter on FINRA Regulatory Notice 25-07 (Jul. 14, 2025), <https://www.finra.org/sites/default/files/NoticeComment/SIFMA%20Comment%20on%20FINRA%20RN%2025-07%20%28July%2014%202025%29.pdf>.

maintained hard copy books and records and carried out supervisory functions through line-of-sight practices, relying on direct, over-the-shoulder oversight to detect potential violations or exceptions. At the time of the OMSJ implementation over 40 years ago, supervisors needed to be physically present in a shared work location to conduct effective supervision. This is no longer the case. Today, technology has removed the need for in-person supervision; rather, supervision is now primarily, and oftentimes exclusively, conducted through firm-wide, centralized, electronic networks that can be accessed by authorized employees with supervisory responsibilities and which provide real-time data regarding employee business activities. In today's workplace, it is not physical presence that enables effective supervision, it is authorized access to the systems which enable effective supervision, and that access is independent of physical location. As a result, the OMSJ designation is outdated. Further, maintaining the OMSJ designation is burdensome without contributing to the quality of overall supervision because it requires firms to devote significant resources to determine whether each remote work location constitutes an OMSJ.⁴

If the municipal securities broker-dealers are to remain competitive in the marketplace relating to the hiring and retaining of highly qualified employees, then we urge the MSRB to eliminate the OMSJ definition. Employers in many sectors of the economy, and other areas of financial services outside of municipal securities broker-dealers, now offer employment opportunities that are partially or completely remote, and that flexibility is very attractive to employees. For municipal securities broker-dealers to be able to attract and retain highly qualified employees, they need flexibility that the current rules do not permit.

If the MSRB does not entirely eliminate the OMSJ designation, in addition to the amendments addressing the definition of "structuring", we ask the MSRB to specifically consider that "order execution" and "market making" are typically conducted through centralized electronic systems and can be effectively surveilled and supervised from any location. At a minimum, the MSRB should allow individuals working from a non-branch office (including remote supervisory locations) to engage in order execution and market making, including order execution that occurs outside of business hours.

Eliminating location-based supervision or, at a minimum, approving the draft amendments, would create minimal burden for the broker-dealer community with the potential for significant operating efficiency. The MSRB's amendments would add needed clarity and create further opportunity for reductions in location-based rule burdens across the regulatory regime applicable to broker-dealers.

II. The MSRB Should Approve the Draft Amendments if it Feels it Cannot Provide Additional Relief at this Time

Although this is a unique opportunity for the MSRB to make additional amendments to Rule G-27, SIFMA appreciates that it may not be possible at this time. Absent the ability to make

⁴ *Id.* These arguments follow those already made to FINRA.

further amendments at this time, the proposed amendments should be adopted taking into account the suggested amendments below.

a. The MSRB Should Approve the Draft Amendments that Increase Length of the Exclusion from the Municipal Branch Office Registration for Locations Other than a Primary Residence from 30-Business Days to 60 Business Days.

Barring further amendments, the MSRB should approve the draft amendments that increase the 30-business day exclusion from the municipal branch office registration for locations other than a primary residence to 60 days.⁵ As stated above, SIFMA believes that Rule G-27 should not be location-based at all, but expanding this exclusion in any way is helpful to those that work remotely from locations other than their primary residence. The Notice puts forth that the MSRB considered a 120-day exclusion, and SIFMA members believe that is even more helpful than the increase to 60 days. For the reasons discussed above, SIFMA does not agree with the MSRB that such an additional expansion of the exclusion would reduce issuer and investor protections.

b. The MSRB Should Approve the Draft Amendments Which Clarify that the Term “Structuring” in the Definition of “Office of Municipal Supervisory Jurisdiction” Does Not Include “Public Finance Activities.”

The draft amendments clarify that the term “structuring of public offerings or private placements” in the definition of “office of municipal supervisory jurisdiction” does not include “public finance activities.” SIFMA believes that this amendment is a significant positive development which creates necessary added clarity and recognizes that public finance activities commonly occur at a client site, while traveling, or otherwise away from an OMSJ.

It is important for the MSRB rules to be neutral as to business model or structure. Broker-dealers operate under a variety of business models, structures and processes, many of which impact what is deemed “final approval” of a transaction by a broker-dealer. Proposed Supplementary Material .07 includes language that is unnecessarily prescriptive or potentially confusing.

Therefore, SIFMA proposes the following simplifications to the MSRB’s proposed language for Supplementary Material .07:

. 07 Excluded Public Finance Activities. Notwithstanding paragraph (g)(i)(B) of Rule G27, the term “excluded public finance activities” is defined as activities that are associated with the structuring of public offerings or private placements, including but not limited to debt modeling, financial analysis, number running

⁵ If the MSRB cannot eliminate the OMSJ definition, Rule G-27 should treat a primary residence (or preferably, any private residence) the same as a location with a 30/60/120-day exclusion from municipal branch office registration, with the only difference being that a residence should not be time-limited (i.e., an associated person can perform covered activities every day of the year in his or her residence and the residence would not be considered a municipal branch office).

and solicitation of issuers or obligated persons for the dealer's investment banking services in connection with municipal securities (i.e., public finance banking services), but does not include final approval of a transaction. ~~of any bespoke recommendation, commitment of dealer capital or other formal action with respect to a public offering or private placement conducted by the dealer.~~ The aforementioned activities do not serve as an exhaustive list of activities that would be deemed excluded public finance activities, and other activities in furtherance of a public offering or private placement could be deemed excluded public finance activities ~~if the dealer can demonstrate that such other activities do not include final approval of any bespoke recommendations or commitment of dealer capital on behalf of the dealer with respect to a public offering or private placement, or the solicitation of issuers or obligated persons for the dealer's investment banking services in connection with municipal securities (i.e., public finance banking services).~~

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Thank you for considering SIFMA's comments, and for being a thought-leader among regulatory bodies by envisioning rulemaking that reflects the modern workplace. 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***
Ernie Lanza, Chief Regulatory and Policy Officer

APPENDIX A

QUESTIONS

Structuring of Public Offerings or Private Placements

1. What public finance functions should fall under the category of “structuring of public offerings or private placements”?

SIFMA members believe that the final approval of a transaction by the broker-dealer is “structuring”.

2. What public finance functions should not fall under the category of “structuring of public offerings or private placements”?

SIFMA members believe that any activity related to a new issuance of municipal securities should fall not under the category of “structuring of public offerings or private placements,” except for the final approval of the transaction by the broker-dealer.

3. How should Rule G-27 differentiate between public finance functions that must be conducted at an OMSJ and those that could be conducted at other offices?

Rule G-27 should not differentiate functions based on locations.

4. Is the industry clear on the definition of “structuring of public offerings or private placements”?

SIFMA members feel that the final approval of a transaction by a broker-dealer is the “structuring of public offerings or private placements.” Different broker-dealers may have different views and policies on what is deemed “final approval.”

5. Do firms define the function of structuring as a combination of public finance banking activities and underwriting activities? If so, which tasks are considered public finance banking activities and which are underwriting activities.

SIFMA members feel that the final approval of a transaction by a broker-dealer is the “structuring of public offerings or private placements”. Different broker-dealers may have different views and policies on what is deemed “final approval.

6. If there is a clear distinction between public finance banking activities and underwriting activities, should the MSRB clarify which of those distinct functions would be deemed to take place at an OMSJ? If, in contrast, there is a lack of clarity on this distinction, should

the MSRB avoid using the public finance banking and underwriting activities terminology?

The MSRB should eliminate any location-based supervision from Rule G-27 and avoid using the public finance banking and underwriting activities terminology. Firms generally understand what “final approval” means in their business model, and different firms have different internal processes for “final approval.”

30-Business Day Exclusion

7. Should the 30-business day exclusion from the branch office definition under Rule G-27(g)(ii)(A)(3) be extended to 60 business days per calendar year?

Yes, if the MSRB cannot eliminate location-based supervision, the 30-business day exclusion from the branch office definition under Rule G-27(g)(ii)(A)(3) should be extended to 60 business days per calendar year.

8. Should the MSRB consider a number other than 60 business days per calendar year for the exclusion under Rule G-27(g)(ii)(A)(3)?

Yes, if the MSRB cannot eliminate location-based supervision, the 30-business day exclusion from the branch office definition under Rule G-27(g)(ii)(A)(3) should be extended to 120 business days per calendar year.

9. Pursuant to Rule G-27(g)(ii)(C), a "business day" does not include any partial business day, as long as the associated person spends at least four hours at their designated municipal branch office during normal business hours. Should the MSRB consider allowing dealers to define what constitutes a "business day," for purposes of greater operational efficiencies in tracking associated persons' compliance with the rule?

Yes, the MSRB should allow dealers to define what constitutes a "business day," for purposes of greater operational efficiencies in tracking associated persons' compliance with the rule.

10. Are there any other suggestions regarding the 30-business day exclusion from the branch office definition under Rule G-27(g)(ii)(A)(3)?

SIFMA believes that the MSRB should eliminate location-based supervision.

Rule G-27

11. Given modern communication technology is allowing for transactions in municipal securities to be effected anywhere, does the definition of municipal branch office need to be updated in some respects? Rule G-27(g)(ii)(A) defines a municipal branch office as

any location where one or more associated persons of a dealer regularly conducts the business of effecting any transactions in, or inducing or attempting to induce the purchase or sale of any municipal security, or is held out as such. Should the MSRB define regularly for purposes of aiding a dealer's understanding of whether to classify a location as a municipal branch office? If the MSRB were to define regularly as three or more days per week would dealers find this brightline test helpful?

Yes, the definition of municipal branch office needs to be updated or, more appropriately, eliminated. If the MSRB feels the need to retain the definition of municipal branch office, then the MSRB should refrain from defining "regularly" to provide flexibility for dealers implementing the rule. It would not be helpful for the MSRB to define regularly as three or more days per week.

12. The primary residence exception by and large tracks the limitations on the use of a private residence under the Commission's records preservation rule, Exchange Act Rule 17a-4. Should the primary residence exception be changed to a private residence exception for regulatory consistency, and the permitted activities at these locations be broadened beyond those covered by the RSL classification, such as allowing for the structuring of public offerings or private placements and order execution/market making, if certain conditions are met?

As described above, SIFMA believes that MSRB should take this opportunity to eliminate location-based supervision from Rule G-27. If the MSRB cannot eliminate the definition of OMSJ at this time, it should change the primary residence exception to a private residence exception and broaden as much as possible the permitted activities at these locations beyond those covered by the RSL-exception.⁶ The MSRB rules should eliminate restrictions on employee work locations. Decisions regarding employee work locations should be determined by the broker-dealer employer, considering their business model and any reasonable supervisory policies and procedures.

13. In addition to the Draft Amendments, what other areas of Rule G-27 should the MSRB consider reviewing as part of the Rule G-27 retrospective rule review?

The Notice "seeks comments more broadly on additional areas of Rule G-27 that should be included in the MSRB's retrospective rule review." An area that is overdue for review and revision is G-27(f), which has highly prescriptive provisions regarding firms' testing of written supervisory procedures and verifying that the procedures are effective. Among these provisions are detailed requirements for supervision of "producing managers." These requirements were

⁶ As set forth in footnote 5, if the MSRB cannot eliminate the municipal office of supervisory jurisdiction definition, a primary (or preferably, private) residence and a location with a 30/60/120-day exclusion from municipal branch office registration should have the same status under the Rule, with the only difference being that a primary (private) residence is not time-limited (i.e., a {representative} can perform {municipal functions} every day of the year in his or her primary (private) residence and the primary (private) residence would not be considered a municipal branch office).

modeled on requirements in FINRA's supervision rule, yet FINRA recognized the benefits of a more flexible approach regarding supervision of managers and eliminated these requirements over ten years ago.⁷ FINRA Rules 3110 and 3120 now have far less detail yet still address the need to properly supervise managers by requiring that procedures prohibit, for example, supervisors from supervising their own activities or reporting to or having their compensation determined by an individual that they supervise.⁸ The MSRB should similarly adopt a more flexible approach to supervision of managers as well as the review and testing of procedures.

Also, as described above, SIFMA believes that MSRB should take this opportunity to eliminate location-based supervision from Rule G-27.

14. Should the MSRB consider retiring any current Rule G-27 interpretive guidance? Please be specific.

SIFMA members believe that the MSRB should consider updating or retiring a number of pieces of Rule G-27 interpretive guidance, including on the approval of transactions (<https://www.msrb.org/Review-and-Approval-Transactions-0> and <https://www.msrb.org/Review-and-Approval-Transactions>), municipal securities sales activities in branch affiliate and correspondent banks which are Municipal Securities Dealers (<https://www.msrb.org/Municipal-Securities-Sales-Activities-Branch-Affiliate-and-Correspondent-Banks-Which-Are-Municipal>), and the supervisory responsibility of Municipal Securities Principals and Municipal Securities Sales Principals (<https://www.msrb.org/Supervisory-Responsibility-Municipal-Securities-Principals-and-Municipal-Securities-Sales>).

Other

15. Would the Draft Amendments result in a disproportionate and/or undue burden for small dealers?

No, the Draft Amendments would not result in a disproportionate and/or undue burden for small dealers.

16. Would the Draft Amendments negatively impact small dealers' access to business opportunities?

No, the Draft Amendments would not negatively impact small dealers' access to business opportunities.

⁷ See, FINRA Regulatory Notice 14-10 (Mar. 2014).

⁸ See, FINRA Rule 3110(b)(6).

17. Could the Draft Amendments result in any inadvertent negative implications for dealers, investors or issuers, or marketplace fairness and efficiency more generally?

No, the Draft Amendments would not result in any inadvertent negative implications for dealers, investors or issuers, or marketplace fairness and efficiency more generally. On the contrary, the Draft Amendments would open up the possibility of other regulators harmonizing with more workable rules from the MSRB.