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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 19b-4

File No. * SR 2026 - * 03

Amendment No. (req. for Amendments *)

Filing by Municipal Securities Rulemaking Board

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
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Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	Rule <input type="checkbox"/> 19b-4(f)(1) <input type="checkbox"/> 19b-4(f)(4) <input type="checkbox"/> 19b-4(f)(2) <input type="checkbox"/> 19b-4(f)(5) <input type="checkbox"/> 19b-4(f)(3) <input checked="" type="checkbox"/> 19b-4(f)(6)		
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Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010

Section 806(e)(1) *

Section 806(e)(2) *

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934

Section 3C(b)(2) *

Exhibit 2 Sent As Paper Document

Exhibit 3 Sent As Paper Document

Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

Proposed Rule Change Consisting of Amendments to MSRB Rule G 28, on Transactions with Employees and Partners of Other Municipal Securities Professionals, to Harmonize and Better Align with FINRA Rule 3210, on Accounts at Other Broker Dealers and Financial Institutions

Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * Bri Last Name * Joiner

Title * Senior Director, Market Regulation

E-mail * bjoiner@msrb.org

Telephone * (202) 838 1500 Fax

Signature

Pursuant to the requirements of the Securities Exchange of 1934, Municipal Securities Rulemaking Board has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date 06/18/2026

(Title *)

By Ronald W. Smith

Corporate Secretary

(Name *)

NOTE: Clicking the signature block at right will initiate digitally signing the form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

rsmith@msrb.org
rg
Digitally signed by rsmith@msrb.org
Date: 2026.06.18 09:26:25 -04'00'

Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

Form 19b-4 Information *

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

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MSRB-2026-03 EXHIBIT 1.docx

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A - Notice of Proposed Rule Change, Security-Based Swap Submission, or Advanced Notice by Clearing Agencies *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2- Notices, Written Comments, Transcripts, Other Communications

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Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit Sent As Paper Document

Exhibit 3 - Form, Report, or Questionnaire

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Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit Sent As Paper Document

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

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MSRB-2026-03 EXHIBIT 5.docx

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934, as amended (“Exchange Act”),¹ and Rule 19b-4 thereunder,² the Municipal Securities Rulemaking Board (“MSRB”) is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change consisting of amendments to MSRB Rule G-28, on transactions with employees and partners of other municipal securities professionals, to harmonize and better align MSRB Rule G-28 applicable to brokers, dealers and municipal securities dealers (“dealers”) with the Financial Industry Regulatory Authority (“FINRA”) Rule 3210, on accounts at other broker-dealers and financial institutions. Broadly, the amendments would (i) expand the scope of accounts covered by the rule to those of any associated person of the employer dealer or those in which the associated person has a beneficial interest (as described below), as well as to accounts at other financial institutions (as described below) in addition to accounts at executing dealers; (ii) clarify that an associated person of an employer dealer may not open or otherwise establish an account for the associated person or an account in which the associated person has a beneficial interest (as defined below) at an executing dealer or any other financial institution (as described below) without prior written consent from the employer dealer; (iii) obligate an associated person to provide written notification to the executing dealer or other financial institution of such person’s association with the employer dealer before opening or otherwise establishing an account with such executing dealer or other financial institution; (iv) streamline the obligations related to confirmation delivery by allowing duplicate copies of confirmations and account statements, or transactional data that would be contained therein, to be provided only upon request; and (v) adopt new supplementary material to clarify the requirements of the rule’s provisions (the “proposed rule change”). The proposed rule change would also make technical amendments to retitle MSRB Rule G-28 as well as certain provisions set forth in the rule for additional clarity. The proposed amendments are addressed below.

The MSRB has designated the proposed rule change as constituting a “noncontroversial” rule change under Section 19(b)(3)(A)³ of the Exchange Act and Rule 19b-4(f)(6)⁴ thereunder, which renders the proposal effective upon receipt of this filing by the Commission. The operative date for the proposed rule change would be September 16, 2026. Until such operative date, dealers would be subject to the existing provisions of MSRB Rule G-28, but may choose to come into compliance with the proposed rule change prior to the operative date.

(a) The text of the proposed rule change is included as Exhibit 5. Text proposed to be added is underlined, and text proposed to be deleted is enclosed in brackets.

(b) Not applicable.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(6).

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The board of directors of the MSRB approved the proposed rule change at its October 22–23, 2025 meeting. Questions concerning this filing may be directed to Bri Joiner, Senior Director, Market Regulation, or Lucian Grove, Assistant Director, Market Regulation, at 202-838-1500.

3. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

(a) Purpose

MSRB Rule G-28 establishes requirements for the opening and maintenance of accounts that effect transactions in municipal securities for employees or partners of dealers (“employer dealers”) by another dealer (“executing dealers”). The proposed rule change is intended to more closely harmonize provisions under MSRB Rule G-28 to FINRA Rule 3210 in furtherance of promoting greater efficiency for dealers in complying with their regulatory obligations. The MSRB adopted MSRB Rule G-28 in 1978,⁵ alongside several other rules, the purpose of which was to “codify basic standards of fair and ethical business conduct for municipal securities professionals.”⁶ The rule was adopted to prevent an employee of a dealer from effecting transactions that are contrary to the interests of the employer dealer or from otherwise acting illegally or improperly with respect to the transactions in municipal securities.⁷ The substantive provisions of MSRB Rule G-28 have, by and large, remained unchanged since the rule’s

⁵ See Exchange Act Release No. 15248 (Oct. 19, 1978), 43 FR 50525 (Oct. 30, 1978), File No. SR-MSRB-77-12 (“1978 Approval Order”).

⁶ Exchange Act Release No. 14519 (Mar. 2, 1978), 43 FR 9672, 9672 (Mar. 9, 1978), File No. SR-MSRB-77-12.

⁷ See Exchange Act Release No. 13987 (Sept. 22, 1977), 42 FR 49856, 49863 (Sept. 28, 1977), File No. SR-MSRB-77-12 (“The Board believes that proposed rule G-28 is more likely to assure that an employer is fully informed regarding the trading activities of its employees and partners and that this is necessary to assure that accounts maintained by such persons are not used for illegal or improper purposes.”). See also Exchange Act Release No. 47189 (Jan. 15, 2003), 68 FR 3073, 3073 (Jan. 22, 2003), File No. SR-MSRB-2002-15.

adoption in 1978,⁸ with the exception of the addition of section (c), the exemption for transactions and accounts involving municipal fund securities.⁹

In pertinent part,¹⁰ current section (a) of MSRB Rule G-28 prohibits the opening and/or maintenance by an executing dealer of any account in which transactions in municipal securities may be effected, if the executing dealer knows its customer to be an employee or partner of an employer dealer (or a spouse or child of such person), without first providing written notice to the employer dealer. Additionally, section (b) requires the executing dealer to simultaneously send to the employer dealer a duplicate copy of each confirmation sent to the customer in connection with any effectuated transactions, and to act in accordance with any written instructions provided by the employer dealer in connection with the subject account.

In 2015, FINRA combined and reorganized certain predecessor rules to create FINRA Rule 3210,¹¹ the requirements of which differ from those of MSRB Rule G-28. As part of its ongoing retrospective rule review,¹² the MSRB is mindful of the potential burden on regulated entities of unnecessary inconsistencies between MSRB rules and rules of other regulators applicable to other aspects of an entity's business. The proposed rule change seeks to harmonize requirements, to the extent possible, for dealers that are subject to the rules of both the MSRB and FINRA.

Broadly, the MSRB is proposing to amend the text of MSRB Rule G-28 to (i) expand the scope of accounts covered by the rule to those of any employee or partner ("associated person")¹³ of the employer dealer or those in which the associated person has a beneficial

⁸ See generally 1978 Approval Order, 43 FR 50525.

⁹ See Exchange Act Release No. 47395 (Feb. 24, 2003), 68 FR 10559 (Mar. 5, 2003), File No. SR-MSRB-2002-15.

¹⁰ Current section (c) of MSRB Rule G-28, which exempts transactions in and accounts limited to transactions in municipal fund securities from the requirements of sections (a)–(b), aligns with FINRA Rule 3210.03. The MSRB is not proposing to amend MSRB Rule G-28(c).

¹¹ See Exchange Act Release No. 77550 (Apr. 7, 2016), 81 FR 21924 (Apr. 13, 2016), File No. SR-FINRA-2015-029.

¹² See MSRB Rulebook Modernization webpage, available at <https://www.msrb.org/Rulebook-Modernization>.

¹³ Under Section 3(a)(18) of the Exchange Act (15 U.S.C. 78c(a)(18)), the term "person associated with a broker or dealer" or "associated person of a broker or dealer" means any partner, officer, director, or branch manager of such broker or dealer (or any person occupying a similar status or performing similar functions), any person directly or indirectly controlling, controlled by, or under common control with such broker or dealer, or any employee of such broker or dealer, except that any person associated with a broker

interest (as described below), as well as to accounts at other financial institutions (as described below) in addition to accounts at executing dealers; (ii) clarify that an associated person of an employer dealer may not open or otherwise establish an account for the associated person or an account in which the associated person has a beneficial interest (as defined below) at an executing dealer or any other financial institution (as described below) without prior written consent from the employer dealer; (iii) obligate an associated person to provide written notification to the executing dealer or other financial institution of such person's association with the employer dealer before opening or otherwise establishing an account with such executing dealer or other financial institution; (iv) streamline the obligations related to confirmation delivery by allowing duplicate copies of confirmations and account statements, or transactional data that would be contained therein, to be provided only upon request; and (v) adopt new supplementary material to clarify the requirements of the rule's provisions. The proposed rule change would also make technical amendments to retitle MSRB Rule G-28 as well as certain provisions set forth in the rule for additional clarity. The amendments are addressed below.

Description of Proposed Rule Change

Requiring Associated Persons to Obtain Consent from Employer Dealer and to Notify Executing Dealer or Other Financial Institution of Association with Employer Dealer

MSRB Rule G-28 currently requires an executing dealer to give written notice to an employer dealer prior to the opening or maintenance of an account for an associated person of the employer dealer.¹⁴ However, this obligation only attaches to the executing dealer if the executing dealer knows of the association. Under current MSRB Rule G-28, associated persons are not affirmatively obligated to notify executing dealers of their employment status as associated persons of another dealer, although this information is provided to executing dealers pursuant to Rule G-8(a)(xi),¹⁵ on customer account information, requiring the documentation of certain information on customers.¹⁶ The executing dealer has no duty to investigate whether a customer's spouse is employed by another dealer.¹⁷

or dealer whose functions are solely clerical or ministerial shall not be included in the meaning of such term.

¹⁴ See MSRB Rule G-28(a).

¹⁵ Pursuant to MSRB Rule G-8(a)(xi), on customer account information, a dealer must record for each customer, among other things, the customer's occupation, whether such customer is employed by another dealer, and the name and address of the customer's employer.

¹⁶ See MSRB Rule G-28(a).

¹⁷ See MSRB Interpretive Letter, Employer of Customer's Spouse (Mar. 6, 1979) (stating that "a municipal securities dealer does not have to inquire of current customers whether their spouses are employed by another municipal securities dealer").

FINRA Rule 3210 requires a person associated with a FINRA-member firm (“employer member”) to obtain the prior written consent of the employer member before opening or otherwise establishing an account at a FINRA-member firm other than the employer member (“executing member”) or other financial institution.¹⁸ Before opening or otherwise establishing the account, an associated person must also notify in writing the executing member or other financial institution of the associated person’s association with the employer member.¹⁹

The proposed rule change would require associated persons seeking to open or otherwise establish²⁰ an account in which municipal securities transactions may be effected with an executing dealer or other financial institution to first (i) obtain the written consent of the employer dealer,²¹ and (ii) provide written notification of the individual’s association with the employer dealer to the executing dealer or other financial institution.²² These requirements would help to ensure that both the employer dealer and executing dealer or other financial institution are informed of the nature of the parties’ respective relationships, and would align with corresponding provisions of FINRA Rule 3210 by clarifying that the associated person has the affirmative obligation of informing both parties. Furthermore, by placing the burden of obtaining consent and providing notification upon the associated person, the proposed rule change would resolve any questions of an executing dealer’s obligation to ascertain information beyond the information normally required under MSRB Rule G-8(a)(xi).²³ Of note, like FINRA Rule 3210.02,²⁴ new Supplementary Material .02 would provide that an associated person having a beneficial interest in an account would also be presumed to have established such account, thereby making the opening of such account in which the associated person has a beneficial interest subject to the notification requirement of proposed MSRB Rule G-28(a)(ii).

¹⁸ FINRA Rule 3210(a).

¹⁹ FINRA Rule 3210(b).

²⁰ The proposed rule change would amend instances of the phrase “open and/or maintain” to “open or establish” to fully harmonize with corresponding provisions of FINRA Rule 3210. New Supplementary Material .01 to MSRB Rule G-28 would address accounts existing prior to a person’s association with a dealer — accounts to be maintained. See infra “Clarifying Rule Applicability to Accounts Established Prior to Association with Employer Dealer”.

²¹ Proposed MSRB Rule G-28(a)(i), aligning with FINRA Rule 3210(a).

²² Proposed MSRB Rule G-28(a)(ii), aligning with FINRA Rule 3210(b).

²³ See supra note 17.

²⁴ Consistent with FINRA practice, FINRA Rule 3210 Supplementary Material is referenced herein as “FINRA Rule 3210.01–.05”.

Expanding the Application of the Rule to All Associated Persons, to Accounts of Others and to such Accounts at Other Financial Institutions

The breadth of the requirements of MSRB Rule G-28 would be expanded in three respects, all of which would serve to harmonize MSRB Rule G-28 with FINRA Rule 3210. First, proposed amended MSRB Rule G-28 would apply to accounts of all associated persons, as defined under Section 3(a)(18) of the Exchange Act,²⁵ of the employer dealer, not just to employees and partners of the employer dealer as currently provided.

Second, the current requirements of MSRB Rule G-28 also apply to accounts “for or on behalf of the spouse or minor child of” an employee or partner of the employer dealer.²⁶ FINRA Rule 3210 applies to accounts of persons associated with a member and to accounts “in which the associated person has a beneficial interest,”²⁷ a phrase defined by FINRA Rule 3210.02.²⁸ The proposed rule change would amend MSRB Rule G-28 to replace the current reference to spouse or minor child with FINRA’s formulation relating to the associated person’s beneficial interest.

Third, the current requirement only applies to executing dealers. FINRA Rule 3210 applies not just to accounts at executing members but also to accounts at other financial institutions. The proposed rule change would amend MSRB Rule G-28 to add accounts at financial institutions other than dealers as accounts covered by the rule.

Thus, the proposed rule change would amend the text of MSRB Rule G-28 such that its provisions would apply to an “account of the associated person or account in which the associated person has a beneficial interest.”²⁹ Similar to FINRA Rule 3210.02, new Supplementary Material .02 would provide that an associated person would be presumed to have a beneficial interest in any account held by the following categories of individuals:

- (a) the spouse of the associated person;³⁰

²⁵ 15 U.S.C 78c(a)(18); see also supra note 13 (providing much of the definition from Section 3(a)(18) of the Exchange Act).

²⁶ MSRB Rule G-28(a).

²⁷ FINRA Rule 3210(a).

²⁸ See FINRA Rule 3210.02.

²⁹ Proposed MSRB Rule G-28(a)(i), mirroring FINRA Rule 3210(a).

³⁰ Proposed Supplementary Material .02(a), mirroring FINRA Rule 3210.02(a).

- (b) a child of the associated person or of the associated person's spouse, provided that the child resides in the same household as or is financially dependent upon the associated person;³¹
- (c) any other related individual over whose account the associated person has control;³² or
- (d) any other individual over whose account the associated person has control and to whose financial support the associated person materially contributes.³³

Such new Supplementary Material .02 would also provide that, regarding accounts held by persons described by category (a) or (b) above, the presumption of a beneficial interest could be rebutted if the associated person is able to demonstrate to the reasonable satisfaction of the employer dealer that the associated person derives no economic benefit from, and exercises no control over such accounts.³⁴ For purposes of category (a) or (b) above, the MSRB would expect that an employer dealer, as a matter of sound supervisory practice, would have policies and procedures in place to make determinations as to accounts subject to Supplementary Material .02, and to document such determinations as appropriate.³⁵ While the proposed rule change provides reasonable flexibility in recognition that there is no one-size-fits-all approach to supervision, employer dealers are reminded that the flexibility being afforded under the proposed rule change does not lessen employer dealers' supervisory obligation with respect to the activities of their associated persons.

The extension of MSRB Rule G-28 to include accounts at financial institutions other than dealers would be effected by adding references to such financial institutions alongside references to executing dealers in the proposed amendment to section (a) of the rule. The term "other financial institution" would be defined in proposed new Supplementary Material .04, as described below.

The MSRB believes that the proposed rule change, including both the proposed amended rule text to address associated persons' beneficial interests in personal and other related accounts at either executing dealers or other financial institutions, and the accompanying supplementary material outlining such types of accounts and other financial institutions, would ensure that those accounts presenting the greatest risk of abuse or improper activity fall within the scope of MSRB Rule G-28. Furthermore, the MSRB believes that the adoption of provisions that directly

³¹ Proposed Supplementary Material .02(b), mirroring FINRA Rule 3210.02(b).

³² Proposed Supplementary Material .02(c), mirroring FINRA Rule 3210.02(c).

³³ Proposed Supplementary Material .02(d), mirroring FINRA Rule 3210.02(d).

³⁴ Proposed Supplementary Material .02, mirroring FINRA Rule 3210.02.

³⁵ This expectation is consistent with FINRA Interpretive Guidance, FAQ Concerning FINRA Rule 3210 (Accounts At Other Broker-Dealers and Financial Institutions), at Question 7, available at <https://www.finra.org/rules-guidance/rulebooks/finra-rules/3210/faq>.

correspond to FINRA's provisions regarding this subject matter would enable dealers to better fulfill their supervisory obligations under both MSRB and FINRA rules.

Requiring Executing Dealer to Provide Customer Confirmations, Account Statements or Transactional Data to Employer Dealer upon Request

The proposed rule change would amend subsection (b)(i) of MSRB Rule G-28 to further align with FINRA Rule 3210 by eliminating the current requirement for the executing dealer to automatically send duplicate copies of all customer confirmations to the employer dealer, and would instead require duplicate confirmations and account statements or transactional data that would be contained therein to be transmitted only upon the request of the employer dealer.³⁶ The proposed amendments seek to provide greater flexibility to employer dealers in carrying out their supervisory responsibility without mandating a specific mode of surveillance of associated persons' trading activities for prohibited transactions or other purposes. While the MSRB believes it is appropriate that employer dealers determine for themselves what would constitute timely receipt of information based upon their business model and the risk profile of their activities, it notes that such determination must be reasonable within the context of employer dealers overall supervisory obligations. Additionally, the expansion of the types of information that can be requested — account statements and, in particular, transactional data, which are not currently covered by MSRB Rule G-28 — would further facilitate an employer dealer's in-depth review of the trading activity of its associated persons. The MSRB believes the proposed rule change would therefore enhance employer dealers' ability to implement policies and procedures for the review and supervision of municipal securities transactions that are reasonably designed to identify violations of applicable MSRB rules and federal securities laws.

Retaining Existing Requirement for Executing Dealers to Follow Written Instructions from Employer Dealers

Current subsection (b)(ii) of MSRB Rule G-28 requires executing dealers to obey written instructions provided by employer dealers with respect to transactions for accounts of associated persons of the employer dealer. Although FINRA Rule 3210 contains no corresponding requirement, the proposed rule change would maintain this existing requirement. The MSRB believes this requirement enhances employer dealers' ability to ensure compliance with MSRB rules and federal securities laws by providing a means by which employer dealers may proscribe certain transactions or types of transactions that such employer dealers assess to be more likely contrary to the interests of the employer dealer or otherwise illegal or improper with respect to transactions in municipal securities. This requirement, together with any confirmations, account statements, or transactional data requested by and received by the employer dealer pursuant to the proposed amendments to subsection (b)(i) of MSRB Rule G-28, would enable employer dealers, when reviewing the trading activities of their associated persons through accounts held away from the employer dealer, to meet overarching supervisory obligations with regard to compliance with MSRB rules and with applicable federal securities laws and regulations more generally, as provided under sections (a) and (b) of MSRB Rule G-27. This would include

³⁶

See FINRA Rule 3210(c).

supervising such accounts for illegal or improper purposes, a foundational purpose of MSRB Rule G-28.³⁷

Proposed subsections (b)(i) and(ii) of MSRB Rule G-28 on receipt of confirmations and adherence with written instructions, respectively, would apply solely to executing dealers, which are subject to MSRB rules, and would not apply to other financial institutions outside of the MSRB’s regulatory authority.³⁸ Nonetheless, and consistent with proposed new Supplementary Material .03 of MSRB Rule G-28 described below,³⁹ the MSRB would encourage employer dealers to make such requests for confirmations, and account statements, or transactional data, as appropriate, and provide such written instructions, consistent with these proposed subsections, to any other such financial institutions as the employer dealers deem appropriate. Additionally, such financial institutions would be encouraged to honor such requests, to assist employer dealers to meet their supervisory and compliance obligations.⁴⁰

Clarifying Certain Provisions through Addition of Supplementary Material

MSRB Rule G-28 does not include supplementary material at present; the proposed rule change would adopt supplementary material to provide additional clarification to certain provisions, as summarized below. The structure and content of the proposed supplementary material largely mirrors the structure of FINRA Rule 3210.

Clarifying Rule Applicability to Accounts Established Prior to Association with Employer Dealer

MSRB Rule G-28 applies both to accounts opened during an individual’s association with an employer dealer, and to accounts opened prior to such association. The proposed rule change would include supplementary material clarifying requirements for maintaining an account established prior to association with a particular employer dealer. Under proposed Supplementary Material .01, an associated person wishing to maintain such an account with an executing dealer or other financial institution would be required, within 30 days of their association with the employer dealer, to (i) obtain the written consent of the employer dealer to

³⁷ See supra note 7.

³⁸ To note, the stated application of the proposed rule change with respect to copies of confirmations and account statements, or transactional data to only those subject to MSRB rules is consistent with FINRA Rule 3210(c).

³⁹ See infra “Clarifying Requirements for Accounts at Financial Institutions Other Than a Dealer”.

⁴⁰ Id. (stating: “The proposed supplementary material would require, ... the employer dealer to consider the extent to which it will be able to obtain [requested information] directly from such financial institution in determining whether to provide its written consent to an associated person to open or maintain such account.”)

maintain the account, and (ii) provide written notification of their association with the employer dealer to the executing dealer or other financial institution.⁴¹

Expanding the Application of the Rule to Accounts of Others

As previously discussed,⁴² proposed Supplementary Material .02 would clarify the meaning of beneficial interest in relation to accounts that are subject to the requirements of MSRB Rule G-28. The proposed rule change would utilize language that closely mirrors FINRA Rule 3210.02 to further align compliance obligations under both regulations.

Clarifying Requirements for Accounts at Financial Institutions Other Than a Dealer

The proposed rule change would include new Supplementary Material .03 making clear and directly aligning the requirements relating to accounts of associated persons opened or maintained at financial institutions other than dealers. The proposed supplementary material would require, with respect to an account at a financial institution other than a dealer, the employer dealer to consider the extent to which it will be able to obtain, upon written request, duplicate copies of confirmations and statements, or the transactional data contained therein, directly from such financial institution in determining whether to provide its written consent to an associated person to open or maintain such account.⁴³ Proposed Supplementary Material .04 would provide that the terms “other financial institution” and “financial institution other than a broker, dealer or municipal securities dealer” include, but are not limited to, investment adviser, bank, insurance company, trust company, credit union, investment company and any foreign or other broker-dealer not subject to MSRB rules.⁴⁴

Minor Technical Changes

Finally, the proposed rule change would make a limited number of technical, non-substantive changes to improve organization and clarity. Section (a) of MSRB Rule G-28 would be retitled from “Account Instructions” to “Obligations of Associated Persons”, and section (b) would be retitled from “Account Transactions” to “Obligations of Executing Dealer”. These changes would enhance the organizational scheme and improve clarity by ensuring that the

⁴¹ Proposed Supplementary Material .01, mirroring FINRA Rule 3210.01.

⁴² See supra “Expanding the Application of the Rule to All Associated Persons, to Accounts of Others and to such Accounts at Other Financial Institutions”.

⁴³ Proposed Supplementary Material .03, mirroring FINRA Rule 3210.04.

⁴⁴ Proposed Supplementary Material .04, aligning with FINRA Rule 3210.05. Proposed Supplementary Material .04 differs from FINRA Rule 3210.05 in that, unlike FINRA rules, which apply to FINRA-member firms, MSRB rules generally apply to dealers regardless of their registration status or membership with FINRA.

section titles accurately reflect the rule text contained within each section.⁴⁵ Similarly, the proposed rule change would retitle MSRB Rule G-28 from “Transactions with Employees and Partners of Other Municipal Securities Professionals” to “Accounts at Other Brokers, Dealers, Municipal Securities Dealers and Financial Institutions”. This title promotes clarity by ensuring consistency in terminology between the rule title and rule text.

Operative Date

As previously mentioned, the operative date for the proposed rule change would be September 16, 2026. Until such operative date, dealers would be subject to the existing provisions of MSRB Rule G-28, but may choose to come into compliance with the proposed rule change in its entirety at any time prior to the operative date. The period between the effective date and operative date is designed to provide all dealers with sufficient time to revise their policies and procedures to ensure efficient and effective compliance with the new requirements of the proposed rule change without creating unnecessary burdens or disruption. While FINRA-member dealers should have come into compliance with the comparable policies and procedures under FINRA Rule 3210 in connection with their other securities market activities, they will need time to fully come into compliance, and bank dealers would need time to make the necessary changes under the proposed rule change. If a dealer chooses to come into compliance at an earlier date than the operative date, its compliance policies and procedures should be updated as of the date the dealer actually determines that it will come into compliance with all provisions of the proposed rule change. Dealers are reminded that they are required to maintain a copy of all compliance policies and procedures in effect at any time within the required recordkeeping period, under MSRB Rule G-9, on preservation of records, and that it should be clear when such policies and procedures were in effect.

(b) Statutory Basis

The MSRB believes that the proposed rule change is consistent with Section 15B(b)(2)(C) of the Exchange Act,⁴⁶ which provides that the MSRB's rules shall be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in municipal securities and municipal financial products, to remove impediments to and perfect the mechanism of a free and open market in municipal securities and municipal financial products, and, in general, to protect investors, municipal entities, obligated persons, and the public interest.

In accordance with Section 15B(b)(2)(C) of the Exchange Act,⁴⁷ the proposed rule change is designed to prevent fraudulent and manipulative acts and practices. By setting forth the requirements that associated persons would need to seek prior written consent of their employer

⁴⁵ See proposed MSRB Rule G-28(a)–(b), respectively.

⁴⁶ 15 U.S.C. 78o-4(b)(2)(C).

⁴⁷ Id.

dealer to open, otherwise establish or maintain accounts, the proposed rule change effectively requires dealers to assess and make such determination of whether they can appropriately oversee the municipal securities trading activities of their associated persons — with such level of required supervision being in furtherance of preventing fraudulent and manipulative acts and practices. For example, in determining whether to provide consent for an account at a financial institution other than a dealer, the employer dealer must consider its ability to obtain sufficient documentation or transactional data from such other financial institution to allow the employer dealer to sufficiently oversee any related municipal securities trading activities.

The MSRB believes that increased harmonization between MSRB Rule G-28 and the corresponding FINRA provisions would provide a practical and balanced way for dealers to continue effectively meeting their core regulatory obligation, as required under MSRB Rule G-27, to establish and maintain a system to supervise the activities of each associated person that is reasonably designed to achieve compliance with applicable federal securities laws and regulations and with applicable MSRB rules, which directly serves investor protection.

The proposed rule change promotes just and equitable principles of trade by ensuring all dealers that are FINRA members are, by and large, subject to the same regulatory obligations and resultant compliance obligations under MSRB Rule G-28 and FINRA Rule 3210, by minimizing, when appropriate, differences in the treatment of municipal securities from other asset classes. That is, dealers would be subject to substantially the same regulatory standard under both MSRB and FINRA rules. This regulatory consistency would allow dealers to more efficiently design and implement compliance policies and procedures without the burden or confusion of differing regulatory requirements.

Additionally, the proposed rule change is intended to provide a practical and balanced way for dealers to continue to effectively meet their 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 federal securities laws and regulations, and with applicable MSRB rules. Supporting dealers' compliance with their supervisory obligations would directly serve investors, municipal entities and obligated persons, thereby protecting the public interest. The MSRB believes that the proposed rule change would facilitate transactions in municipal securities and remove impediments to a free and open market by ensuring a consistent regulatory framework across regulators.

Finally, aligning the proposed rule change with amended FINRA Rule 3210, making such requirements specifically applicable to the municipal securities activities of dealers that are FINRA members, avoids regulatory inconsistency, as appropriate, enabling FINRA and the Commission to more efficiently inspect such dealers subject to the rules of both the MSRB and FINRA.

4. Self-Regulatory Organization's Statement on Burden on Competition

Section 15B(b)(2)(C) of the Exchange Act requires that MSRB rules not be designed to impose any burden on competition not necessary or appropriate in furtherance of the purposes of

the Exchange Act.⁴⁸ In determining whether the standards have been met, the MSRB was guided by the MSRB's Policy on the Use of Economic Analysis in MSRB Rulemaking.⁴⁹ In accordance with this policy, the MSRB evaluated the potential impacts on competition of the proposed rule change and believes that it would not impose any burden on competition, as the proposed amendments would harmonize MSRB Rule G-28 with FINRA Rule 3210, and would be applied equally to all dealers.⁵⁰ Therefore, the MSRB believes the proposed rule change would not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act.⁵¹

Currently, MSRB Rule G-28 does not expressly obligate associated persons to notify the executing dealer of their employment status with another dealer. The proposed amendments are intended to shift the responsibility from the executing dealer to the associated person to notify their employer dealer of any account covered by MSRB Rule G-28. The proposed rule change would remove the requirement for executing dealers to automatically transmit copies of confirmations to employer dealers; instead requiring only that confirmations and account statements (or transactional data) be sent by the executing dealer when requested by the employer dealer. The proposed amendments include supplementary materials regarding accounts opened prior to employment, personal and related accounts, accounts at a financial institution other than a dealer, and definition of other financial institutions. The proposed rule change is intended to further align MSRB Rule G-28 with FINRA Rule 3210.

Based on the MSRB's analysis, the potential benefits of the proposed rule change would outweigh the potential costs of the proposed rule change. As mentioned above, dealers would benefit from removing unnecessary inconsistencies between MSRB Rule G-28 and FINRA Rule 3210, since regulatory consistency would add clarity to firms' analyses when determining their obligations according to MSRB and FINRA rules. Specifically, the proposed amendments to MSRB Rule G-28 would clarify the obligations of an associated person and the obligations of the

⁴⁸ 15 U.S.C. 78o-4(b)(2)(C).

⁴⁹ See Policy on the Use of Economic Analysis in MSRB Rulemaking, available at <https://www.msrb.org/Policy-Use-Economic-Analysis-MSRB-Rulemaking>. In evaluating whether there was any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act, the MSRB was guided by its principles that required the MSRB to consider costs and benefits of a rule change, its impact on efficiency, capital formation and competition, and the main reasonable alternative regulatory approaches. For those rule changes which the MSRB files for immediate effectiveness under Section 19(b)(3)(A) of the Exchange Act (15 U.S.C. 78s(b)(3)(A)), including information facility rule filings, while not subject to the policy, the MSRB usually focuses its examination exclusively on the burden of competition on regulated entities, but may also include any additional economic analysis that the MSRB believes may inform the rulemaking process based on the facts and circumstances.

⁵⁰ 15 U.S.C. 78o-4(b)(2)(C).

⁵¹ Id.

associated person's employer dealer and executing dealer. The MSRB believes that the proposed amendments would provide employer dealers with better awareness and control over potential conflicts of interest that could arise from an associated person having an account with another dealer. In addition, the proposed rule change would reduce the burden on the executing dealer by removing the requirement to automatically transmit copies of confirmations to the employer dealer.

The MSRB acknowledges that dealers would likely incur minor costs as a result of the proposed rule change, relative to the baseline state (current state). Dealers would be expected to incur one-time, upfront costs related to revising policies and procedures, along with ongoing compliance costs in satisfying the regulatory obligations under the proposed supplementary materials. The MSRB estimates that firms would incur one-time, upfront costs of approximately \$3,839.⁵² While anticipated upfront costs are relatively minor for dealers, the MSRB believes that FINRA-member dealers, who would already be in compliance with FINRA Rule 3210 for other asset classes, other than municipal securities, may have lower upfront costs than the overall estimate (\$3,839) when compared to bank dealers not registered with FINRA. Additionally, the MSRB anticipates some potential ongoing costs associated with dealer-initiated review and potential investigation of municipal securities transactions that may adversely impact the employer dealer. However, the MSRB expects that FINRA-member dealers are already complying with their regulatory obligations to review and investigate securities transactions for other asset classes pursuant to FINRA Rule 3210, and that such dealers are receiving the transaction data as requested. Therefore, the MSRB believes the incremental ongoing costs would be minimal, approximately \$393 annually for one hour of work by a compliance manager

⁵² The MSRB estimates three hours for a compliance manager at \$393 per hour (3 X \$393 = \$1,179) to revise the firm policies and procedures, and one hour for in-house compliance counsel to review and edit any changes as needed (1 X \$463 = \$463). The MSRB also anticipates one hour of review by outside legal counsel at \$630 per hour (1 X \$630 = \$630), and review and sign-off by a director of compliance at \$610 per hour for one hour (1 X \$610 = \$610), and the chief compliance officer at \$693 per hour for half an hour (.5 X \$693 = \$347). Lastly, the MSRB anticipates one hour of training and education conducted by the director of compliance at \$610 per hour (1 X \$610 = \$610). Therefore, the total upfront cost estimates would be \$3,839 (\$1,179 + \$463 + \$630 + \$610 + \$347 + \$610 = \$3,839).

The hourly-rate data is gathered from a variety of Commission filings compiled by the MSRB for usage in economic analysis. The Commission's economic analysis utilizes the Securities Industry and Financial Markets Association's "Management & Professional Earnings in the Securities Industry — 2013 Report" for the hourly rates of various financial industry market professionals. To compensate for inflation, the data reflects the 2025 hourly rate level after adjusting for the annual cumulative wage inflation rate of 47.3% between 2013 and 2025. See The Federal Reserve Bank of St. Louis Employment Cost Index: Wages and Salaries: Private Industry Workers, available at <https://fred.stlouisfed.org/series/ECIWAG>. The MSRB estimates the number of hours for each task based on MSRB's consultation with regulated entities' compliance officers for a median-sized firm.

for each employee who has an account with another dealer. The MSRB also estimates ongoing costs of approximately \$610 for one hour of work by a director of compliance of the employer dealer for each instance of review and approval of an associated person's request to open, otherwise establish or maintain an account with another firm.⁵³

Effect on Competition, Efficiency and Capital Formation

The MSRB believes that the proposed rule change would neither impose a burden on competition nor hinder capital formation, as the proposed amendments are applicable to all dealers and the ongoing costs should be proportional to dealer size, while the upfront costs are relatively minor for dealers. Small dealers have fewer employees, and their costs should be less than larger dealers. The proposed amendments would improve the municipal securities market's operational efficiency and promote regulatory certainty by appropriately shifting the initial burden — to notify and obtain consent — from the executing dealer to the associated person. At present, the MSRB is unable to quantitatively evaluate the magnitude of the efficiency gains or losses but believes the benefits from closely aligning MSRB Rule G-28 with FINRA Rule 3210 would outweigh the upfront costs of revising policies and procedures, as well as the ongoing compliance and recordkeeping costs to dealers.

5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were neither solicited nor received on the proposed rule change.⁵⁴

6. Extension of Time Period for Commission Action

Not applicable.

⁵³ In addition, employer dealers potentially face a heightened risk of overlooking associated persons' failure to comply with internal policies and procedures, since executing dealers would no longer be required to provide duplicate transaction confirmations to employer dealers automatically. However, the employer dealers would still have the ability to obtain those confirmations and account statements (or more tailored data) by request from the executing dealer. The employer dealer would also retain the ability to provide the executing dealer with instructions that the executing dealer must follow with respect to transactions effected with or for such account. Therefore, the MSRB believes the proposed rule change mitigates such potential risk by providing employer dealers greater ability to design policies and procedures specific to their own needs.

⁵⁴ Comments received in response to FINRA Rule 3210 amendments can be found at <https://www.sec.gov/comments/sr-finra-2015-029/finra2015029.shtml>.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2) or Section 19(b)(7)(D)

The MSRB has designated the proposed rule change as being immediately effective upon filing pursuant to Section 19(b)(3)(A) of the Exchange Act⁵⁵ and paragraph (f)(6) of Rule 19b-4 thereunder.⁵⁶ The proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) by its terms, become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest.

In accordance with Rule 19b-4(f)(6),⁵⁷ the MSRB provided the Commission with written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing the proposed rule change, or such shorter time as the Commission may designate, as specified in Rule 19b-4(f)(6)(iii) under the Exchange Act.⁵⁸

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

The proposed rule change is based on, and materially conforms with, FINRA's amendments to FINRA Rule 3210, as filed in File No. SR-FINRA-2015-029 and approved by the Commission.⁵⁹ The proposed rule change would (i) expand the scope of accounts covered by the rule to those of any associated person of the employer dealer or those in which the associated person has a beneficial interest, as well as to accounts at other financial institutions in addition to accounts at executing dealers; (ii) clarify that an associated person of an employer dealer may not open or otherwise establish an account for the associated person or an account in which the associated person has a beneficial interest at an executing dealer or any other financial institution without prior written consent from the employer dealer; (iii) obligate an associated person to provide written notification to the executing dealer or other financial institution of such person's association with the employer dealer before opening or otherwise establishing an account with such executing dealer or other financial institution; (iv) streamline the obligations related to confirmation delivery by allowing duplicate copies of confirmations and account statements, or transactional data that would be contained therein, to be provided only upon request; and (v) adopt new supplementary material to clarify the requirements of the rule's provisions. The proposed rule change would also make technical amendments to retitle MSRB Rule G-28 as well

⁵⁵ 15 U.S.C. 78s(b)(3)(A).

⁵⁶ 17 CFR 240.19b-4(f)(6).

⁵⁷ Id.

⁵⁸ 17 CFR 240.19b-4(f)(6)(iii).

⁵⁹ See Exchange Act Release No. 77550, supra note 11, 81 FR 21924.

as certain provisions set forth in the rule for additional clarity. Item 3 describes in greater specificity the nature of the alignment of the proposed rule change with FINRA Rule 3210, including the differences in conduct required to achieve compliance.

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Exchange Act

Not applicable.

10. Advance Notice Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervisions Act

Not applicable.

11. Exhibits

Exhibit 1 Completed Notice of Proposed Rule Change for Publication in the Federal Register

Exhibit 5 Text of Proposed Rule Change

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-_____ ; File No. SR-MSRB-2026-03)

Self-Regulatory Organizations; Municipal Securities Rulemaking Board; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Consisting of Amendments to MSRB Rule G-28, on Transactions with Employees and Partners of Other Municipal Securities Professionals, to Harmonize and Better Align with FINRA Rule 3210, on Accounts at Other Broker-Dealers and Financial Institutions

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Exchange Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on _____ the Municipal Securities Rulemaking Board (“MSRB”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the MSRB. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The MSRB filed with the Commission a proposed rule change consisting of amendments to MSRB Rule G-28, on transactions with employees and partners of other municipal securities professionals, to harmonize and better align MSRB Rule G-28 applicable to brokers, dealers and municipal securities dealers (“dealers”) with the Financial Industry Regulatory Authority (“FINRA”) Rule 3210, on accounts at other broker-dealers and financial institutions. Broadly, the amendments would (i) expand the scope of accounts covered by the rule to those of any associated person of the employer dealer or those in which the associated person has a beneficial interest (as described below), as well as to accounts at other financial institutions (as described

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

below) in addition to accounts at executing dealers; (ii) clarify that an associated person of an employer dealer may not open or otherwise establish an account for the associated person or an account in which the associated person has a beneficial interest (as defined below) at an executing dealer or any other financial institution (as described below) without prior written consent from the employer dealer; (iii) obligate an associated person to provide written notification to the executing dealer or other financial institution of such person's association with the employer dealer before opening or otherwise establishing an account with such executing dealer or other financial institution; (iv) streamline the obligations related to confirmation delivery by allowing duplicate copies of confirmations and account statements, or transactional data that would be contained therein, to be provided only upon request; and (v) adopt new supplementary material to clarify the requirements of the rule's provisions (the "proposed rule change"). The proposed rule change would also make technical amendments to retitle MSRB Rule G-28 as well as certain provisions set forth in the rule for additional clarity. The proposed amendments are addressed below.

The MSRB has designated the proposed rule change as constituting a "noncontroversial" rule change under Section 19(b)(3)(A)³ of the Exchange Act and Rule 19b-4(f)(6)⁴ thereunder, which renders the proposal effective upon receipt of this filing by the Commission. The operative date for the proposed rule change would be September 16, 2026. Until such operative date, dealers would be subject to the existing provisions of MSRB Rule G-28, but may choose to come into compliance with the proposed rule change prior to the operative date.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(6).

The text of the proposed rule change is available on the MSRB's website at <https://msrb.org/2026-SEC-Filings> and at the MSRB's principal office.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the MSRB included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The MSRB has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

MSRB Rule G-28 establishes requirements for the opening and maintenance of accounts that effect transactions in municipal securities for employees or partners of dealers ("employer dealers") by another dealer ("executing dealers"). The proposed rule change is intended to more closely harmonize provisions under MSRB Rule G-28 to FINRA Rule 3210 in furtherance of promoting greater efficiency for dealers in complying with their regulatory obligations. The MSRB adopted MSRB Rule G-28 in 1978,⁵ alongside several other rules, the purpose of which was to "codify basic standards of fair and ethical business conduct for municipal securities professionals."⁶ The rule was adopted to prevent an employee of a dealer from effecting transactions that are contrary to the interests of the employer dealer or from otherwise acting

⁵ See Exchange Act Release No. 15248 (Oct. 19, 1978), 43 FR 50525 (Oct. 30, 1978), File No. SR-MSRB-77-12 ("1978 Approval Order").

⁶ Exchange Act Release No. 14519 (Mar. 2, 1978), 43 FR 9672, 9672 (Mar. 9, 1978), File No. SR-MSRB-77-12.

illegally or improperly with respect to the transactions in municipal securities.⁷ The substantive provisions of MSRB Rule G-28 have, by and large, remained unchanged since the rule's adoption in 1978,⁸ with the exception of the addition of section (c), the exemption for transactions and accounts involving municipal fund securities.⁹

In pertinent part,¹⁰ current section (a) of MSRB Rule G-28 prohibits the opening and/or maintenance by an executing dealer of any account in which transactions in municipal securities may be effected, if the executing dealer knows its customer to be an employee or partner of an employer dealer (or a spouse or child of such person), without first providing written notice to the employer dealer. Additionally, section (b) requires the executing dealer to simultaneously send to the employer dealer a duplicate copy of each confirmation sent to the customer in connection with any effectuated transactions, and to act in accordance with any written instructions provided by the employer dealer in connection with the subject account.

⁷ See Exchange Act Release No. 13987 (Sept. 22, 1977), 42 FR 49856, 49863 (Sept. 28, 1977), File No. SR-MSRB-77-12 (“The Board believes that proposed rule G-28 is more likely to assure that an employer is fully informed regarding the trading activities of its employees and partners and that this is necessary to assure that accounts maintained by such persons are not used for illegal or improper purposes.”). See also Exchange Act Release No. 47189 (Jan. 15, 2003), 68 FR 3073, 3073 (Jan. 22, 2003), File No. SR-MSRB-2002-15.

⁸ See generally 1978 Approval Order, 43 FR 50525.

⁹ See Exchange Act Release No. 47395 (Feb. 24, 2003), 68 FR 10559 (Mar. 5, 2003), File No. SR-MSRB-2002-15.

¹⁰ Current section (c) of MSRB Rule G-28, which exempts transactions in and accounts limited to transactions in municipal fund securities from the requirements of sections (a)–(b), aligns with FINRA Rule 3210.03. The MSRB is not proposing to amend MSRB Rule G-28(c).

In 2015, FINRA combined and reorganized certain predecessor rules to create FINRA Rule 3210,¹¹ the requirements of which differ from those of MSRB Rule G-28. As part of its ongoing retrospective rule review,¹² the MSRB is mindful of the potential burden on regulated entities of unnecessary inconsistencies between MSRB rules and rules of other regulators applicable to other aspects of an entity's business. The proposed rule change seeks to harmonize requirements, to the extent possible, for dealers that are subject to the rules of both the MSRB and FINRA.

Broadly, the MSRB is proposing to amend the text of MSRB Rule G-28 to (i) expand the scope of accounts covered by the rule to those of any employee or partner (“associated person”)¹³ of the employer dealer or those in which the associated person has a beneficial interest (as described below), as well as to accounts at other financial institutions (as described below) in addition to accounts at executing dealers; (ii) clarify that an associated person of an employer dealer may not open or otherwise establish an account for the associated person or an account in which the associated person has a beneficial interest (as defined below) at an executing dealer or any other financial institution (as described below) without prior written

¹¹ See Exchange Act Release No. 77550 (Apr. 7, 2016), 81 FR 21924 (Apr. 13, 2016), File No. SR-FINRA-2015-029.

¹² See MSRB Rulebook Modernization webpage, available at <https://www.msrb.org/Rulebook-Modernization>.

¹³ Under Section 3(a)(18) of the Exchange Act (15 U.S.C. 78c(a)(18)), the term “person associated with a broker or dealer” or “associated person of a broker or dealer” means any partner, officer, director, or branch manager of such broker or dealer (or any person occupying a similar status or performing similar functions), any person directly or indirectly controlling, controlled by, or under common control with such broker or dealer, or any employee of such broker or dealer, except that any person associated with a broker or dealer whose functions are solely clerical or ministerial shall not be included in the meaning of such term.

consent from the employer dealer; (iii) obligate an associated person to provide written notification to the executing dealer or other financial institution of such person's association with the employer dealer before opening or otherwise establishing an account with such executing dealer or other financial institution; (iv) streamline the obligations related to confirmation delivery by allowing duplicate copies of confirmations and account statements, or transactional data that would be contained therein, to be provided only upon request; and (v) adopt new supplementary material to clarify the requirements of the rule's provisions. The proposed rule change would also make technical amendments to retitle MSRB Rule G-28 as well as certain provisions set forth in the rule for additional clarity. The amendments are addressed below.

Description of Proposed Rule Change

Requiring Associated Persons to Obtain Consent from Employer Dealer and to Notify Executing Dealer or Other Financial Institution of Association with Employer Dealer

MSRB Rule G-28 currently requires an executing dealer to give written notice to an employer dealer prior to the opening or maintenance of an account for an associated person of the employer dealer.¹⁴ However, this obligation only attaches to the executing dealer if the executing dealer knows of the association. Under current MSRB Rule G-28, associated persons are not affirmatively obligated to notify executing dealers of their employment status as associated persons of another dealer, although this information is provided to executing dealers pursuant to Rule G-8(a)(xi),¹⁵ on customer account information, requiring the documentation of

¹⁴ See MSRB Rule G-28(a).

¹⁵ Pursuant to MSRB Rule G-8(a)(xi), on customer account information, a dealer must record for each customer, among other things, the customer's occupation, whether such customer is employed by another dealer, and the name and address of the customer's employer.

certain information on customers.¹⁶ The executing dealer has no duty to investigate whether a customer’s spouse is employed by another dealer.¹⁷

FINRA Rule 3210 requires a person associated with a FINRA-member firm (“employer member”) to obtain the prior written consent of the employer member before opening or otherwise establishing an account at a FINRA-member firm other than the employer member (“executing member”) or other financial institution.¹⁸ Before opening or otherwise establishing the account, an associated person must also notify in writing the executing member or other financial institution of the associated person’s association with the employer member.¹⁹

The proposed rule change would require associated persons seeking to open or otherwise establish²⁰ an account in which municipal securities transactions may be effected with an executing dealer or other financial institution to first (i) obtain the written consent of the employer dealer,²¹ and (ii) provide written notification of the individual’s association with the

¹⁶ See MSRB Rule G-28(a).

¹⁷ See MSRB Interpretive Letter, Employer of Customer’s Spouse (Mar. 6, 1979) (stating that “a municipal securities dealer does not have to inquire of current customers whether their spouses are employed by another municipal securities dealer”).

¹⁸ FINRA Rule 3210(a).

¹⁹ FINRA Rule 3210(b).

²⁰ The proposed rule change would amend instances of the phrase “open and/or maintain” to “open or establish” to fully harmonize with corresponding provisions of FINRA Rule 3210. New Supplementary Material .01 to MSRB Rule G-28 would address accounts existing prior to a person’s association with a dealer — accounts to be maintained. See infra “Clarifying Rule Applicability to Accounts Established Prior to Association with Employer Dealer”.

²¹ Proposed MSRB Rule G-28(a)(i), aligning with FINRA Rule 3210(a).

employer dealer to the executing dealer or other financial institution.²² These requirements would help to ensure that both the employer dealer and executing dealer or other financial institution are informed of the nature of the parties' respective relationships, and would align with corresponding provisions of FINRA Rule 3210 by clarifying that the associated person has the affirmative obligation of informing both parties. Furthermore, by placing the burden of obtaining consent and providing notification upon the associated person, the proposed rule change would resolve any questions of an executing dealer's obligation to ascertain information beyond the information normally required under MSRB Rule G-8(a)(xi).²³ Of note, like FINRA Rule 3210.02,²⁴ new Supplementary Material .02 would provide that an associated person having a beneficial interest in an account would also be presumed to have established such account, thereby making the opening of such account in which the associated person has a beneficial interest subject to the notification requirement of proposed MSRB Rule G-28(a)(ii).

Expanding the Application of the Rule to All Associated Persons, to Accounts of Others and to such Accounts at Other Financial Institutions

The breadth of the requirements of MSRB Rule G-28 would be expanded in three respects, all of which would serve to harmonize MSRB Rule G-28 with FINRA Rule 3210. First, proposed amended MSRB Rule G-28 would apply to accounts of all associated persons, as

²² Proposed MSRB Rule G-28(a)(ii), aligning with FINRA Rule 3210(b).

²³ See supra note 17.

²⁴ Consistent with FINRA practice, FINRA Rule 3210 Supplementary Material is referenced herein as "FINRA Rule 3210.01-.05".

defined under Section 3(a)(18) of the Exchange Act,²⁵ of the employer dealer, not just to employees and partners of the employer dealer as currently provided.

Second, the current requirements of MSRB Rule G-28 also apply to accounts “for or on behalf of the spouse or minor child of” an employee or partner of the employer dealer.²⁶ FINRA Rule 3210 applies to accounts of persons associated with a member and to accounts “in which the associated person has a beneficial interest,”²⁷ a phrase defined by FINRA Rule 3210.02.²⁸ The proposed rule change would amend MSRB Rule G-28 to replace the current reference to spouse or minor child with FINRA’s formulation relating to the associated person’s beneficial interest.

Third, the current requirement only applies to executing dealers. FINRA Rule 3210 applies not just to accounts at executing members but also to accounts at other financial institutions. The proposed rule change would amend MSRB Rule G-28 to add accounts at financial institutions other than dealers as accounts covered by the rule.

Thus, the proposed rule change would amend the text of MSRB Rule G-28 such that its provisions would apply to an “account of the associated person or account in which the associated person has a beneficial interest.”²⁹ Similar to FINRA Rule 3210.02, new

²⁵ 15 U.S.C 78c(a)(18); see also supra note 13 (providing much of the definition from Section 3(a)(18) of the Exchange Act).

²⁶ MSRB Rule G-28(a).

²⁷ FINRA Rule 3210(a).

²⁸ See FINRA Rule 3210.02.

²⁹ Proposed MSRB Rule G-28(a)(i), mirroring FINRA Rule 3210(a).

Supplementary Material .02 would provide that an associated person would be presumed to have a beneficial interest in any account held by the following categories of individuals:

- (a) the spouse of the associated person;³⁰
- (b) a child of the associated person or of the associated person's spouse, provided that the child resides in the same household as or is financially dependent upon the associated person;³¹
- (c) any other related individual over whose account the associated person has control;³² or
- (d) any other individual over whose account the associated person has control and to whose financial support the associated person materially contributes.³³

Such new Supplementary Material .02 would also provide that, regarding accounts held by persons described by category (a) or (b) above, the presumption of a beneficial interest could be rebutted if the associated person is able to demonstrate to the reasonable satisfaction of the employer dealer that the associated person derives no economic benefit from, and exercises no control over such accounts.³⁴ For purposes of category (a) or (b) above, the MSRB would expect that an employer dealer, as a matter of sound supervisory practice, would have policies and procedures in place to make determinations as to accounts subject to Supplementary Material

³⁰ Proposed Supplementary Material .02(a), mirroring FINRA Rule 3210.02(a).

³¹ Proposed Supplementary Material .02(b), mirroring FINRA Rule 3210.02(b).

³² Proposed Supplementary Material .02(c), mirroring FINRA Rule 3210.02(c).

³³ Proposed Supplementary Material .02(d), mirroring FINRA Rule 3210.02(d).

³⁴ Proposed Supplementary Material .02, mirroring FINRA Rule 3210.02.

.02, and to document such determinations as appropriate.³⁵ While the proposed rule change provides reasonable flexibility in recognition that there is no one-size-fits-all approach to supervision, employer dealers are reminded that the flexibility being afforded under the proposed rule change does not lessen employer dealers' supervisory obligation with respect to the activities of their associated persons.

The extension of MSRB Rule G-28 to include accounts at financial institutions other than dealers would be effected by adding references to such financial institutions alongside references to executing dealers in the proposed amendment to section (a) of the rule. The term "other financial institution" would be defined in proposed new Supplementary Material .04, as described below.

The MSRB believes that the proposed rule change, including both the proposed amended rule text to address associated persons' beneficial interests in personal and other related accounts at either executing dealers or other financial institutions, and the accompanying supplementary material outlining such types of accounts and other financial institutions, would ensure that those accounts presenting the greatest risk of abuse or improper activity fall within the scope of MSRB Rule G-28. Furthermore, the MSRB believes that the adoption of provisions that directly correspond to FINRA's provisions regarding this subject matter would enable dealers to better fulfill their supervisory obligations under both MSRB and FINRA rules.

Requiring Executing Dealer to Provide Customer Confirmations, Account Statements or Transactional Data to Employer Dealer upon Request

³⁵ This expectation is consistent with FINRA Interpretive Guidance, FAQ Concerning FINRA Rule 3210 (Accounts At Other Broker-Dealers and Financial Institutions), at Question 7, available at <https://www.finra.org/rules-guidance/rulebooks/finra-rules/3210/faq>.

The proposed rule change would amend subsection (b)(i) of MSRB Rule G-28 to further align with FINRA Rule 3210 by eliminating the current requirement for the executing dealer to automatically send duplicate copies of all customer confirmations to the employer dealer, and would instead require duplicate confirmations and account statements or transactional data that would be contained therein to be transmitted only upon the request of the employer dealer.³⁶ The proposed amendments seek to provide greater flexibility to employer dealers in carrying out their supervisory responsibility without mandating a specific mode of surveillance of associated persons' trading activities for prohibited transactions or other purposes. While the MSRB believes it is appropriate that employer dealers determine for themselves what would constitute timely receipt of information based upon their business model and the risk profile of their activities, it notes that such determination must be reasonable within the context of employer dealers overall supervisory obligations. Additionally, the expansion of the types of information that can be requested — account statements and, in particular, transactional data, which are not currently covered by MSRB Rule G-28 — would further facilitate an employer dealer's in-depth review of the trading activity of its associated persons. The MSRB believes the proposed rule change would therefore enhance employer dealers' ability to implement policies and procedures for the review and supervision of municipal securities transactions that are reasonably designed to identify violations of applicable MSRB rules and federal securities laws.

Retaining Existing Requirement for Executing Dealers to Follow Written Instructions from Employer Dealers

Current subsection (b)(ii) of MSRB Rule G-28 requires executing dealers to obey written instructions provided by employer dealers with respect to transactions for accounts of associated

³⁶ See FINRA Rule 3210(c).

persons of the employer dealer. Although FINRA Rule 3210 contains no corresponding requirement, the proposed rule change would maintain this existing requirement. The MSRB believes this requirement enhances employer dealers' ability to ensure compliance with MSRB rules and federal securities laws by providing a means by which employer dealers may proscribe certain transactions or types of transactions that such employer dealers assess to be more likely contrary to the interests of the employer dealer or otherwise illegal or improper with respect to transactions in municipal securities. This requirement, together with any confirmations, account statements, or transactional data requested by and received by the employer dealer pursuant to the proposed amendments to subsection (b)(i) of MSRB Rule G-28, would enable employer dealers, when reviewing the trading activities of their associated persons through accounts held away from the employer dealer, to meet overarching supervisory obligations with regard to compliance with MSRB rules and with applicable federal securities laws and regulations more generally, as provided under sections (a) and (b) of MSRB Rule G-27. This would include supervising such accounts for illegal or improper purposes, a foundational purpose of MSRB Rule G-28.³⁷

Proposed subsections (b)(i) and(ii) of MSRB Rule G-28 on receipt of confirmations and adherence with written instructions, respectively, would apply solely to executing dealers, which are subject to MSRB rules, and would not apply to other financial institutions outside of the MSRB's regulatory authority.³⁸ Nonetheless, and consistent with proposed new Supplementary

³⁷ See supra note 7.

³⁸ To note, the stated application of the proposed rule change with respect to copies of confirmations and account statements, or transactional data to only those subject to MSRB rules is consistent with FINRA Rule 3210(c).

Material .03 of MSRB Rule G-28 described below,³⁹ the MSRB would encourage employer dealers to make such requests for confirmations, and account statements, or transactional data, as appropriate, and provide such written instructions, consistent with these proposed subsections, to any other such financial institutions as the employer dealers deem appropriate. Additionally, such financial institutions would be encouraged to honor such requests, to assist employer dealers to meet their supervisory and compliance obligations.⁴⁰

Clarifying Certain Provisions through Addition of Supplementary Material

MSRB Rule G-28 does not include supplementary material at present; the proposed rule change would adopt supplementary material to provide additional clarification to certain provisions, as summarized below. The structure and content of the proposed supplementary material largely mirrors the structure of FINRA Rule 3210.

Clarifying Rule Applicability to Accounts Established Prior to Association with Employer Dealer

MSRB Rule G-28 applies both to accounts opened during an individual's association with an employer dealer, and to accounts opened prior to such association. The proposed rule change would include supplementary material clarifying requirements for maintaining an account established prior to association with a particular employer dealer. Under proposed Supplementary Material .01, an associated person wishing to maintain such an account with an executing dealer or other financial institution would be required, within 30 days of their

³⁹ See infra "Clarifying Requirements for Accounts at Financial Institutions Other Than a Dealer".

⁴⁰ Id. (stating: "The proposed supplementary material would require, ... the employer dealer to consider the extent to which it will be able to obtain [requested information] directly from such financial institution in determining whether to provide its written consent to an associated person to open or maintain such account.")

association with the employer dealer, to (i) obtain the written consent of the employer dealer to maintain the account, and (ii) provide written notification of their association with the employer dealer to the executing dealer or other financial institution.⁴¹

Expanding the Application of the Rule to Accounts of Others

As previously discussed,⁴² proposed Supplementary Material .02 would clarify the meaning of beneficial interest in relation to accounts that are subject to the requirements of MSRB Rule G-28. The proposed rule change would utilize language that closely mirrors FINRA Rule 3210.02 to further align compliance obligations under both regulations.

Clarifying Requirements for Accounts at Financial Institutions Other Than a Dealer

The proposed rule change would include new Supplementary Material .03 making clear and directly aligning the requirements relating to accounts of associated persons opened or maintained at financial institutions other than dealers. The proposed supplementary material would require, with respect to an account at a financial institution other than a dealer, the employer dealer to consider the extent to which it will be able to obtain, upon written request, duplicate copies of confirmations and statements, or the transactional data contained therein, directly from such financial institution in determining whether to provide its written consent to an associated person to open or maintain such account.⁴³ Proposed Supplementary Material .04 would provide that the terms “other financial institution” and “financial institution other than a broker, dealer or municipal securities dealer” include, but are not limited to, investment adviser,

⁴¹ Proposed Supplementary Material .01, mirroring FINRA Rule 3210.01.

⁴² See supra “Expanding the Application of the Rule to All Associated Persons, to Accounts of Others and to such Accounts at Other Financial Institutions”.

⁴³ Proposed Supplementary Material .03, mirroring FINRA Rule 3210.04.

bank, insurance company, trust company, credit union, investment company and any foreign or other broker-dealer not subject to MSRB rules.⁴⁴

Minor Technical Changes

Finally, the proposed rule change would make a limited number of technical, non-substantive changes to improve organization and clarity. Section (a) of MSRB Rule G-28 would be retitled from “Account Instructions” to “Obligations of Associated Persons”, and section (b) would be retitled from “Account Transactions” to “Obligations of Executing Dealer”. These changes would enhance the organizational scheme and improve clarity by ensuring that the section titles accurately reflect the rule text contained within each section.⁴⁵ Similarly, the proposed rule change would retitle MSRB Rule G-28 from “Transactions with Employees and Partners of Other Municipal Securities Professionals” to “Accounts at Other Brokers, Dealers, Municipal Securities Dealers and Financial Institutions”. This title promotes clarity by ensuring consistency in terminology between the rule title and rule text.

Operative Date

As previously mentioned, the operative date for the proposed rule change would be September 16, 2026. Until such operative date, dealers would be subject to the existing provisions of MSRB Rule G-28, but may choose to come into compliance with the proposed rule change in its entirety at any time prior to the operative date. The period between the effective date and operative date is designed to provide all dealers with sufficient time to revise their

⁴⁴ Proposed Supplementary Material .04, aligning with FINRA Rule 3210.05. Proposed Supplementary Material .04 differs from FINRA Rule 3210.05 in that, unlike FINRA rules, which apply to FINRA-member firms, MSRB rules generally apply to dealers regardless of their registration status or membership with FINRA.

⁴⁵ See proposed MSRB Rule G-28(a)–(b), respectively.

policies and procedures to ensure efficient and effective compliance with the new requirements of the proposed rule change without creating unnecessary burdens or disruption. While FINRA-member dealers should have come into compliance with the comparable policies and procedures under FINRA Rule 3210 in connection with their other securities market activities, they will need time to fully come into compliance, and bank dealers would need time to make the necessary changes under the proposed rule change. If a dealer chooses to come into compliance at an earlier date than the operative date, its compliance policies and procedures should be updated as of the date the dealer actually determines that it will come into compliance with all provisions of the proposed rule change. Dealers are reminded that they are required to maintain a copy of all compliance policies and procedures in effect at any time within the required recordkeeping period, under MSRB Rule G-9, on preservation of records, and that it should be clear when such policies and procedures were in effect.

2. Statutory Basis

The MSRB believes that the proposed rule change is consistent with Section 15B(b)(2)(C) of the Exchange Act,⁴⁶ which provides that the MSRB's rules shall be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in municipal securities and municipal financial products, to remove impediments to and perfect the mechanism of a free and open market in municipal securities and municipal financial products, and, in general, to protect investors, municipal entities, obligated persons, and the public interest.

⁴⁶ 15 U.S.C. 78o-4(b)(2)(C).

In accordance with Section 15B(b)(2)(C) of the Exchange Act,⁴⁷ the proposed rule change is designed to prevent fraudulent and manipulative acts and practices. By setting forth the requirements that associated persons would need to seek prior written consent of their employer dealer to open, otherwise establish or maintain accounts, the proposed rule change effectively requires dealers to assess and make such determination of whether they can appropriately oversee the municipal securities trading activities of their associated persons — with such level of required supervision being in furtherance of preventing fraudulent and manipulative acts and practices. For example, in determining whether to provide consent for an account at a financial institution other than a dealer, the employer dealer must consider its ability to obtain sufficient documentation or transactional data from such other financial institution to allow the employer dealer to sufficiently oversee any related municipal securities trading activities.

The MSRB believes that increased harmonization between MSRB Rule G-28 and the corresponding FINRA provisions would provide a practical and balanced way for dealers to continue effectively meeting their core regulatory obligation, as required under MSRB Rule G-27, to establish and maintain a system to supervise the activities of each associated person that is reasonably designed to achieve compliance with applicable federal securities laws and regulations and with applicable MSRB rules, which directly serves investor protection.

The proposed rule change promotes just and equitable principles of trade by ensuring all dealers that are FINRA members are, by and large, subject to the same regulatory obligations and resultant compliance obligations under MSRB Rule G-28 and FINRA Rule 3210, by minimizing, when appropriate, differences in the treatment of municipal securities from other asset classes. That is, dealers would be subject to substantially the same regulatory standard

⁴⁷

Id.

under both MSRB and FINRA rules. This regulatory consistency would allow dealers to more efficiently design and implement compliance policies and procedures without the burden or confusion of differing regulatory requirements.

Additionally, the proposed rule change is intended to provide a practical and balanced way for dealers to continue to effectively meet their 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 federal securities laws and regulations, and with applicable MSRB rules. Supporting dealers' compliance with their supervisory obligations would directly serve investors, municipal entities and obligated persons, thereby protecting the public interest. The MSRB believes that the proposed rule change would facilitate transactions in municipal securities and remove impediments to a free and open market by ensuring a consistent regulatory framework across regulators.

Finally, aligning the proposed rule change with amended FINRA Rule 3210, making such requirements specifically applicable to the municipal securities activities of dealers that are FINRA members, avoids regulatory inconsistency, as appropriate, enabling FINRA and the Commission to more efficiently inspect such dealers subject to the rules of both the MSRB and FINRA.

B. Self-Regulatory Organization's Statement on Burden on Competition

Section 15B(b)(2)(C) of the Exchange Act requires that MSRB rules not be designed to impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Exchange Act.⁴⁸ In determining whether the standards have been met, the MSRB was guided

⁴⁸ 15 U.S.C. 78o-4(b)(2)(C).

by the MSRB's Policy on the Use of Economic Analysis in MSRB Rulemaking.⁴⁹ In accordance with this policy, the MSRB evaluated the potential impacts on competition of the proposed rule change and believes that it would not impose any burden on competition, as the proposed amendments would harmonize MSRB Rule G-28 with FINRA Rule 3210, and would be applied equally to all dealers.⁵⁰ Therefore, the MSRB believes the proposed rule change would not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act.⁵¹

Currently, MSRB Rule G-28 does not expressly obligate associated persons to notify the executing dealer of their employment status with another dealer. The proposed amendments are intended to shift the responsibility from the executing dealer to the associated person to notify their employer dealer of any account covered by MSRB Rule G-28. The proposed rule change would remove the requirement for executing dealers to automatically transmit copies of confirmations to employer dealers; instead requiring only that confirmations and account statements (or transactional data) be sent by the executing dealer when requested by the

⁴⁹ See Policy on the Use of Economic Analysis in MSRB Rulemaking, available at <https://www.msrb.org/Policy-Use-Economic-Analysis-MSRB-Rulemaking>. In evaluating whether there was any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act, the MSRB was guided by its principles that required the MSRB to consider costs and benefits of a rule change, its impact on efficiency, capital formation and competition, and the main reasonable alternative regulatory approaches. For those rule changes which the MSRB files for immediate effectiveness under Section 19(b)(3)(A) of the Exchange Act (15 U.S.C. 78s(b)(3)(A)), including information facility rule filings, while not subject to the policy, the MSRB usually focuses its examination exclusively on the burden of competition on regulated entities, but may also include any additional economic analysis that the MSRB believes may inform the rulemaking process based on the facts and circumstances.

⁵⁰ 15 U.S.C. 78o-4(b)(2)(C).

⁵¹ Id.

employer dealer. The proposed amendments include supplementary materials regarding accounts opened prior to employment, personal and related accounts, accounts at a financial institution other than a dealer, and definition of other financial institutions. The proposed rule change is intended to further align MSRB Rule G-28 with FINRA Rule 3210.

Based on the MSRB's analysis, the potential benefits of the proposed rule change would outweigh the potential costs of the proposed rule change. As mentioned above, dealers would benefit from removing unnecessary inconsistencies between MSRB Rule G-28 and FINRA Rule 3210, since regulatory consistency would add clarity to firms' analyses when determining their obligations according to MSRB and FINRA rules. Specifically, the proposed amendments to MSRB Rule G-28 would clarify the obligations of an associated person and the obligations of the associated person's employer dealer and executing dealer. The MSRB believes that the proposed amendments would provide employer dealers with better awareness and control over potential conflicts of interest that could arise from an associated person having an account with another dealer. In addition, the proposed rule change would reduce the burden on the executing dealer by removing the requirement to automatically transmit copies of confirmations to the employer dealer.

The MSRB acknowledges that dealers would likely incur minor costs as a result of the proposed rule change, relative to the baseline state (current state). Dealers would be expected to incur one-time, upfront costs related to revising policies and procedures, along with ongoing compliance costs in satisfying the regulatory obligations under the proposed supplementary materials. The MSRB estimates that firms would incur one-time, upfront costs of approximately

\$3,839.⁵² While anticipated upfront costs are relatively minor for dealers, the MSRB believes that FINRA-member dealers, who would already be in compliance with FINRA Rule 3210 for other asset classes, other than municipal securities, may have lower upfront costs than the overall estimate (\$3,839) when compared to bank dealers not registered with FINRA. Additionally, the MSRB anticipates some potential ongoing costs associated with dealer-initiated review and potential investigation of municipal securities transactions that may adversely impact the employer dealer. However, the MSRB expects that FINRA-member dealers are already complying with their regulatory obligations to review and investigate securities transactions for other asset classes pursuant to FINRA Rule 3210, and that such dealers are receiving the transaction data as requested. Therefore, the MSRB believes the incremental ongoing costs would be minimal, approximately \$393 annually for one hour of work by a compliance manager

⁵² The MSRB estimates three hours for a compliance manager at \$393 per hour (3 X \$393 = \$1,179) to revise the firm policies and procedures, and one hour for in-house compliance counsel to review and edit any changes as needed (1 X \$463 = \$463). The MSRB also anticipates one hour of review by outside legal counsel at \$630 per hour (1 X \$630 = \$630), and review and sign-off by a director of compliance at \$610 per hour for one hour (1 X \$610 = \$610), and the chief compliance officer at \$693 per hour for half an hour (.5 X \$693 = \$347). Lastly, the MSRB anticipates one hour of training and education conducted by the director of compliance at \$610 per hour (1 X \$610 = \$610). Therefore, the total upfront cost estimates would be \$3,839 (\$1,179 + \$463 + \$630 + \$610 + \$347 + \$610 = \$3,839).

The hourly-rate data is gathered from a variety of Commission filings compiled by the MSRB for usage in economic analysis. The Commission's economic analysis utilizes the Securities Industry and Financial Markets Association's "Management & Professional Earnings in the Securities Industry — 2013 Report" for the hourly rates of various financial industry market professionals. To compensate for inflation, the data reflects the 2025 hourly rate level after adjusting for the annual cumulative wage inflation rate of 47.3% between 2013 and 2025. See The Federal Reserve Bank of St. Louis Employment Cost Index: Wages and Salaries: Private Industry Workers, available at <https://fred.stlouisfed.org/series/ECIWAG>. The MSRB estimates the number of hours for each task based on MSRB's consultation with regulated entities' compliance officers for a median-sized firm.

for each employee who has an account with another dealer. The MSRB also estimates ongoing costs of approximately \$610 for one hour of work by a director of compliance of the employer dealer for each instance of review and approval of an associated person's request to open, otherwise establish or maintain an account with another firm.⁵³

Effect on Competition, Efficiency and Capital Formation

The MSRB believes that the proposed rule change would neither impose a burden on competition nor hinder capital formation, as the proposed amendments are applicable to all dealers and the ongoing costs should be proportional to dealer size, while the upfront costs are relatively minor for dealers. Small dealers have fewer employees, and their costs should be less than larger dealers. The proposed amendments would improve the municipal securities market's operational efficiency and promote regulatory certainty by appropriately shifting the initial burden — to notify and obtain consent — from the executing dealer to the associated person. At present, the MSRB is unable to quantitatively evaluate the magnitude of the efficiency gains or losses but believes the benefits from closely aligning MSRB Rule G-28 with FINRA Rule 3210 would outweigh the upfront costs of revising policies and procedures, as well as the ongoing compliance and recordkeeping costs to dealers.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

⁵³ In addition, employer dealers potentially face a heightened risk of overlooking associated persons' failure to comply with internal policies and procedures, since executing dealers would no longer be required to provide duplicate transaction confirmations to employer dealers automatically. However, the employer dealers would still have the ability to obtain those confirmations and account statements (or more tailored data) by request from the executing dealer. The employer dealer would also retain the ability to provide the executing dealer with instructions that the executing dealer must follow with respect to transactions effected with or for such account. Therefore, the MSRB believes the proposed rule change mitigates such potential risk by providing employer dealers greater ability to design policies and procedures specific to their own needs.

Written comments were neither solicited nor received on the proposed rule change.⁵⁴

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Exchange Act⁵⁵ and Rule 19b-4(f)(6)⁵⁶ thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Exchange Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Exchange Act.

Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include File Number SR-MSRB-2026-03 on the subject line.

Paper Comments:

⁵⁴ Comments received in response to FINRA Rule 3210 amendments can be found at <https://www.sec.gov/comments/sr-finra-2015-029/finra2015029.shtml>.

⁵⁵ 15 U.S.C. 78s(b)(3)(A).

⁵⁶ 17 CFR 240.19b-4(f)(6).

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549.

All submissions should refer to File Number SR-MSRB-2026-03. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the filing will be available for inspection and copying at the principal office of the MSRB. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to File Number SR-MSRB-2026-03 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, pursuant to delegated authority.⁵⁷

Sherry R. Haywood
Assistant Secretary

⁵⁷ 17 CFR 200.30-3(a)(12).

Rule G-28: [Transactions with Employees and Partners of] Accounts at Other [Municipal Securities Professionals] Brokers, Dealers, Municipal Securities Dealers and Financial Institutions

(a) *[Account Instructions] Obligations of Associated Persons.*

(i) No associated person of a broker, dealer or municipal securities dealer (“employer dealer”) [broker, dealer or municipal securities dealer] shall without prior written consent of such employer dealer open or otherwise establish [maintain] an account at another broker, dealer or municipal securities dealer (“executing dealer”), or any other financial institution in which transactions in municipal securities may be effected for [a customer] such account of the associated person or account in which the associated person has a beneficial interest [who such broker, dealer or municipal securities dealer knows is employed by, or the partner of, another broker, dealer or municipal securities dealer, or for or on behalf of the spouse or minor child of such person unless such broker, dealer, or municipal securities dealer first gives written notice with respect to the opening and maintenance of such account to the broker, dealer or municipal securities dealer by whom such person is employed or of whom such person is a partner].

(ii) In the case of an account to be opened or otherwise established at an executing dealer or other financial institution, such associated person shall provide, prior to opening or otherwise establishing of such account subject to paragraph (a)(i) of this rule, a written notification to the executing dealer, or other financial institution, of his or her association with the employer dealer.

(b) *[Account Transactions] Obligations of Executing Dealer.* [No broker, dealer, or municipal securities dealer shall effect a transaction in municipal securities with or for an account subject to section (a) of this rule unless such broker, dealer, or municipal securities dealer]

(i) [sends simultaneously to the employing broker, dealer or municipal securities dealer a duplicate copy of each confirmation sent to the customer,] An executing dealer shall furnish, upon written request by an employer dealer, duplicate copies of confirmations and account statements, or transactional data that would be contained therein, with respect to the account subject to this rule; and

(ii) act[s] in accordance with any written instructions which may be provided to the executing dealer by the employer dealer [broker, dealer or municipal securities dealer by an employing broker, dealer or municipal securities dealer] with respect to transactions effected [with or] for such account.

(c) *No change.*

Supplementary Material

.01 Account Opened Prior to Association With Employer Dealer. If the account was opened or otherwise established prior to the person's association with the employer dealer, the associated

person, within 30 calendar days of becoming so associated, shall obtain the written consent of the employer dealer to maintain the account and shall notify in writing the executing dealer or other financial institution of his or her association with the employer dealer.

.02 Personal and Related Accounts. For purposes of this rule, the associated person shall be presumed to have a beneficial interest in, and to have established, any account that is held by:

(a) the spouse of the associated person;

(b) a child of the associated person or of the associated person's spouse, provided that the child resides in the same household as or is financially dependent upon the associated person;

(c) any other related individual over whose account the associated person has control; or

(d) any other individual over whose account the associated person has control and to whose financial support the associated person materially contributes.

For purposes of paragraphs (a) and (b) of this Supplementary Material .02, an associated person need not be presumed to have a beneficial interest in, or to have established, an account if the associated person demonstrates, to the reasonable satisfaction of the employer dealer, that the associated person derives no economic benefit from, and exercises no control over, the account.

.03 Accounts at a Financial Institution Other Than a Dealer. With respect to an account subject to this rule at a financial institution other than a broker, dealer or municipal securities dealer, the employer dealer shall consider the extent to which it will be able to obtain, upon written request, duplicate copies of confirmations and account statements, or transactional data that would be contained therein, directly from such financial institution in determining whether to provide its written consent to an associated person to open or maintain such account.

.04 Other Financial Institution. For purposes of this rule, the terms "other financial institution" and "financial institution other than a broker, dealer or municipal securities dealer" include, but are not limited to, any investment adviser, bank, insurance company, trust company, credit union, investment company and any foreign or other broker-dealer not subject to MSRB rules.