July 20, 2026

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

Re: Comments on MSRB Notice 2026-03: Draft Amendments to Retire Financial Advisor Terminology and Municipal Advisor Retrospective Rule Review

Dear Mr. Smith:

The American Securities Association[1] ("ASA") submits these comments in response to MSRB Notice 2026-03, issued April 23, 2026, requesting comment on draft amendments to MSRB Rules G-1, G-3, G-20, G-23, and G-37 to retire the term "financial advisor" in favor of "municipal advisor," and soliciting input on the scope and approach of the Municipal Advisor Retrospective Rule Review ("Retrospective Review" or "RRR").

ASA represents broker-dealers and registered investment advisers of all sizes operating across the United States. Our members are active participants in the municipal securities market, and many are registered as both municipal securities dealers and municipal advisors. We have a direct and substantial interest in the clarity and coherence of MSRB's municipal advisor regulatory framework.

We offer the following comments on the Draft Amendments and the Retrospective Review.

I. <u>Support for Terminology Modernization in Rules G-1, G-3, G-20, G-23, and G-37</u>

ASA supports the proposed retirement of the term "financial advisor" from Rules G-1, G-3, G-20, G-23, and G-37 and its replacement with "municipal advisor." More than fifteen years after Dodd-Frank's enactment, the continued presence of pre-Dodd-Frank terminology in these rules creates genuine ambiguity for dually-registered firms. Uniformity of terminology is a reasonable and necessary step toward regulatory clarity.

With respect to Rule G-23 specifically, ASA's support is limited to the terminology substitution itself. It does not extend to the separate proposal to relocate the G-23(c) documentation requirements to Rule G-42, which raises distinct substantive concerns addressed in Section II below.

[1] ASA is a trade association that represents the retail and institutional capital markets interests of regional financial services firms who provide Main Street businesses with access to capital and advise hardworking Americans how to create and preserve wealth. ASA's mission is to promote trust and confidence among investors, facilitate capital formation, and support efficient and competitively balanced capital markets. This mission advances financial independence, stimulates job creation, and increases prosperity. ASA has a geographically diverse membership base that spans the Heartland, Southwest, Southeast, Atlantic, and Pacific Northwest regions of the United States.

We note, however, that terminology modernization cannot be evaluated in a vacuum. Current MSRB guidance documents were drafted in a pre-Dodd-Frank environment and use the retiring terminology throughout. Updating rule text without concurrently updating or retiring the underlying guidance risks replacing one form of ambiguity with another. Practitioners rely on interpretive guidance to understand how rules operate in practice. If guidance continues to reference "financial advisor" after the rules have moved to "municipal advisor," the result is a mismatch that undermines the clarity the Draft Amendments are intended to achieve.

ASA therefore conditions its support for the terminology changes on the following:

- The MSRB should update all guidance documents concurrently with, or immediately following, adoption of the final amendments. Guidance that is being retired or superseded should be identified clearly, with explicit statements indicating what is no longer operative. Firms should not be required to consult a patchwork of historical guidance to determine what remains binding.
- Where the MSRB determines that certain guidance cannot be updated at the time of rule adoption, it should issue a clear interim statement identifying the relevant provisions and confirming their continued applicability.

II. <u>Opposition to Moving G-23 Documentation Requirements to G-42 at This Stage</u>

ASA opposes the proposed migration of the documentation requirements under Rule G-23(c) to Rule G-42 as part of the current Draft Amendments.

The MSRB characterizes this change as a cleanup measure intended to eliminate duplication between G-23 and G-42. We disagree with that characterization. The G-23 documentation requirement has a distinct and specific function: it governs the written record of the new issue municipal advisory relationship for a dealer acting in that capacity, and it carries unique substantive obligations, including provisions governing the deposit of funds and the utilization of fiduciary or agency services. These are not generic relationship documentation requirements that map cleanly onto G-42.

The MSRB itself acknowledges in Notice 2026-03 that it "does not currently propose to make any substantive changes" to the retained language and that potential revisions "could be considered during a future phase" of the review. That acknowledgment concedes the point: this is not a purely technical amendment. It is a restructuring of where certain obligations live in the rulebook, with downstream consequences for how those obligations are interpreted and enforced. That determination should be made through the full RRR process, with meaningful input from the market.

ASA urges the MSRB to defer the G-23 documentation restructuring to the Core Duties phase of the Retrospective Review, where it can be considered in the context of the full suite of obligations applicable to dealer municipal advisors and alongside the interplay between G-23, G-42, and SEC Rule 15Ba1 requirements.

III. The Retrospective Review Must Be Holistic

ASA strongly supports the launch of the Retrospective Review. The MSRB's municipal advisor rules were built incrementally following Dodd-Frank, layered onto a pre-existing dealer-oriented framework, and developed in parallel with SEC rulemaking that often overlaps with, but does not perfectly align with, MSRB requirements. The resulting regulatory structure is complex, and in some respects, it imposes unnecessary and duplicative burdens on regulated entities without a commensurate regulatory purpose.

We urge the MSRB to avoid the temptation to review its rules in isolation. The MSRB has the staff, expertise, and institutional knowledge to undertake a genuinely comprehensive review of how its municipal advisor rules interact with each other and with the broader regulatory environment. Now is the time to exercise that capability. Rule-by-rule analysis that does not account for cross-rule interactions, SEC overlap, and FINRA frameworks will produce incremental improvements at best and new sources of conflict at worst.

A. Cross-Regulator Coordination Is Essential

The MSRB's municipal advisor rules interact with SEC registration requirements, SEC interpretive guidance on fiduciary duty under Exchange Act Section 15B(c)(1), and, for dually-registered firms, FINRA rules that govern the broker-dealer side of the business. Changes that appear straightforward when viewed solely through an MSRB lens can create conflicts, gaps, or redundancies when layered against the broader regulatory framework that firms must navigate.

ASA urges the MSRB to conduct the Retrospective Review with a specific focus on multi-regulator coordination. The review should map, explicitly, where MSRB rules overlap with or duplicate SEC and FINRA requirements. Where such overlap exists without regulatory purpose, the MSRB should eliminate or streamline the duplicative requirement. Where MSRB and SEC requirements conflict or are unclear in their interaction, the MSRB should work with the Commission to resolve the ambiguity and issue coordinated guidance.

The costs of regulatory misalignment fall directly on market participants. Firms must maintain multiple compliance programs, train personnel on overlapping and sometimes inconsistent standards, and bear legal risk from ambiguities that the regulators themselves have not resolved. That is not a burden the market should be required to absorb indefinitely.

B. Dual-Registration Compliance Burdens Require Explicit Attention

Many of ASA's members are registered as both broker-dealers and municipal advisors. Personnel at these firms may be registered as both municipal securities representatives and associated persons of a municipal advisor. These individuals face persistent ambiguity about which set of obligations governs which activity. The ambiguity is not hypothetical. It affects hiring, supervision, training, recordkeeping, and compensation structures.

The RRR should address dual-registration compliance burdens as a primary objective. Specifically, ASA requests that the MSRB provide clear, explicit guidance on role-based obligations for personnel serving in more than one capacity. A registered representative who is also an associated person of a municipal advisor should not need to consult multiple overlapping rule sets and uncertain guidance to determine which obligations apply when she moves between activities in the course of a business day. The MSRB has the knowledge and the mandate to provide that clarity.

C. Multi-Business Line Firms Deserve Targeted Guidance

The MSRB's Notice specifically asks about the impact on compliance for firms with more than one business line. ASA welcomes that inquiry. Firms that operate across municipal advisory, broker-dealer, investment adviser, and other regulated activities face compounding compliance burdens that do not stem from any single rule, but from the interaction of multiple regulatory frameworks. No single regulator has undertaken a comprehensive review of that interaction from the firm's perspective.

ASA urges the MSRB to engage directly with multi-business line firms throughout the RRR process, including through targeted outreach prior to each phase. The MSRB should not rely solely on formal comment periods to capture the full complexity of compliance challenges facing these firms. Real-world compliance burdens are often most visible at the operational level, and the RRR will be more effective if the MSRB builds in mechanisms to capture that input systematically.

IV. Phasing and Sequencing of the Retrospective Review

ASA supports the phased structure of the Retrospective Review and appreciates the MSRB's transparency in outlining the anticipated sequence. We offer the following observations on sequencing and scope.

First, the Core Duties phase is the most consequential and the most complex. It must address the interplay between MSRB core conduct rules and the SEC's fiduciary duty framework under Section 15B(c)(1). That interaction has generated uncertainty in practice and remains an unresolved source of compliance risk for market participants. ASA urges the MSRB to treat this phase as the analytical centerpiece of the RRR and to allocate sufficient time and resources to do it properly, rather than moving through it at a pace driven by calendar targets.

Second, the Operational and Support Functions phase should not be treated as a lower priority simply because it addresses rules that are not directly related to core duties. Recordkeeping, supervision, and related operational requirements generate significant compliance costs. Firms that struggle with the operational requirements are less able to focus on their duties to clients.

Third, and most importantly, each phase of the review must be conducted with awareness of the full rule suite. The MSRB should not approach the Core Duties phase without having mapped how those rules interact with the operational rules, and vice versa. The temptation to treat each phase as a self-contained exercise must be resisted. A change that resolves an ambiguity in one rule while creating a conflict with another is not progress.

V. Conclusion

ASA supports the retirement of "financial advisor" terminology in Rules G-1, G-3, G-20, G-23, and G-37, conditioned on concurrent guidance updates. We oppose moving the G-23 documentation requirements to G-42 at this stage and urge that issue be reserved for the Core Duties phase of the RRR.

On the Retrospective Review broadly, the MSRB must use this process to examine its municipal advisor rule suite as a whole. The staff and expertise are in place. The mandate is clear. A rule-by-rule approach that ignores cross-rule dynamics, SEC overlap, and the real compliance experience of dually-registered and multi-business line firms will fall short of what this review should accomplish. ASA looks forward to participating actively across each phase of the process.

We appreciate the opportunity to comment and welcome any follow-up questions.

Sincerely,

Jessica Giroux

Jessica R. Giroux
Chief Legal Officer
American Securities Association

Comment on Notice 2026-03

From: Ryan Ushijima, First Hawaiian Bank

On: July 10, 2026

Comment:

I support and commend the MSRB for this focus on harmonizing and clarifying rules by using uniform language and common terminology. For those of us responsible for translating the intent and purpose of regulations into actionable policies and procedures governing our processes, these amendments make sense because we do not have guess at what the rule is referring to and what it requires.

July 20, 2026

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

RE: MSRB Notice 2026-03

Dear Mr. Smith:

The National Association of Municipal Advisors ("NAMA") appreciates the opportunity to comment on Notice 2026-03. The proposed rule amendments to update "financial advisor" ("FA") references and develop a roadmap for review of the rulebook as it pertains to municipal advisors are important initiatives that directly impact municipal advisor ("MA") professionals. We strongly recommend that these two efforts be integrated into a single process. This comment letter is being presented to document why we think this is so important. Initial discussions concerning FA to MA amendments have identified greater complexity than initially anticipated. The Municipal Securities Rulemaking Board ("MSRB") can avoid unintended consequences and ensure a clearer understanding of any amendments by conducting an extensive review of each of the core conduct rules before amendments are proposed.

The passage of the *Dodd-Frank Act* and subsequent regulation of municipal advisors was driven by Congress' intent to protect issuers. The existing principles-based approach of the MA rulebook achieves that goal while accommodating the broad diversity of firms engaged in municipal advisory activity. No fundamental changes to the rulebook are needed, but review of the rules and other publications is appropriate and important. Opportunities exist to (a) reconfirm that each rule, and the rulebook in the aggregate, operates within and corresponds to the MSRB's responsibilities to *prescribe means reasonably designed to prevent acts, practices, and courses of business as are consistent with a municipal advisor's fiduciary duty to its clients* (see *Securities Exchange Act 15B(b)(2)(L)(i));* (b) improve the guidance and resource materials available to the MA community; and (c) ensure that MSRB MA rules and references do not fall outside of the SEC's "municipal advisor" and "municipal advisor activity" definitions.

NAMA's comments on this Notice address three core areas: (a) the need to postpone adoption of the proposed Amendments to FA references at this time; (b) the need for a transparent Retrospective Rule Review (RRR) process; and (c) the need to clearly define the scope of RRR.

Proposed Amendments - FA to MA Terminology

NAMA supports revising FA terminology throughout the rulebook, including in MSRB guidance, to accurately reflect the current regulatory environment. These changes would bring the MSRB's regulatory scope into better focus, assist with rule understanding and compliance, and aid in curtailing continued problems associated with unregistered MAs engaging in MA activity.

For municipal securities, there is no statutory definition of "financial advisor" or "financial advisory and consultant services." Rather, pursuant to the *Dodd Frank Act*, the MSRB has authority to propose and adopt rules with respect to "advice" provided by MAs and with respect to MA activities (see *Securities Exchange Act 15B(b)(2))*. Because the "financial advisor" term is used within the statutory definition of municipal advisor in *Securities Exchange Act 15B(e)(4)(B*) and in other settings including money management, consulting services outside municipal advisory activity, and as a lingering colloquialism, it is vital that MSRB rules be clear and reflect actual law and regulation of municipal advisors within its authority.

Although eliminating the outdated FA references across MSRB's rules and related materials is necessary, the proposed Amendments must be postponed and addressed as part of the broader RRR process. Folding the FA revisions into that effort will allow the MSRB to take a comprehensive approach, evaluate related policy matters, identify additional changes needed within the cited rules, and avoid a drawn-out multi-step process where terminology revisions inadvertently create substantive or interpretive implications.

This is especially true regarding the proposed changes to Rule G-23.

The proposed Rule G-23 Amendments create changes that go beyond the stated intent of the Notice to revise the FA naming convention. This creates confusion and raises concerns about the purpose and practical impact of Rule G-23 and proposed amendments to Rule G-23.

These include:

- using the term "new issue municipal advisor" which lacks adequate purpose, context and definition, creates confusion and could have significant unintended consequences;
- ignoring the SEC's Final MA Rule, including the statutory definition of fiduciary duty, and MA activity definition which conflicts with the 2011 Rule G-23 and guidance;
- not considering Rule G-42 and Rule G-17 and other MA rules (including Rule D-13) that have overlapping and corresponding implications for MA and underwriter activities and practices;
- not achieving the goal stated in pages 2-3 of the Notice to eliminate *potential ambiguities stemming from the ongoing presence of the older term financial advisor*. The proposed Amendments add to the ambiguities and confusion of the Rule.
- Not acknowledging the long-standing challenges and questions raised with current Rule G-23 that now resurface under this effort to change FA phrasing (see MSRB Notice 2019-13 Request for Comment on MSRB Rule G-23 on Activities of Dealers Acting as Financial Advisors).

Given the lack of clarity in the proposed Amendments, and the need to review Rule G-23 within the broader context of the SEC MA Rule and other MA core conduct MSRB rules, the MSRB must withdraw the G-23 amendments from the Notice.

We propose that any Rule G-23 changes be made only within the RRR context. Consideration of changes to Rule G-23 must include substantial review of:

- the conflicts between Rule G-23 and its Interpretive Guidance, the SEC's Municipal Advisor Rule and other MSRB core conduct rules, including Rule D-13;
- whether the key tenets of Rule G-23 and anti-role switching language belong in Rule G-42 instead of Rule G-23 and guidance;
- the overall intention of the Rule; and
- whether the MSRB's proposed changes have the potential to weaken issuer protections.

Process for Retrospective Rule Review

Before discussing the scope of the RRR, the MSRB should provide a clear and comprehensive roadmap of its process for reviewing, receiving input, proposing changes, revising, and approving the rules and publishing guidance and resources that are part of this initiative.

NAMA has long urged the MSRB to seek input from a broad range of MAs, especially at the outset of an initiative, to understand how MA firms implement and comply with MSRB rules. It is especially important that the MSRB seek input from both practitioners and compliance officers as the process for RRR is developed, and participation will be increased if a variety of formats for communication are used.

The MSRB staff charged with drafting rules, conceptualizing resources, and developing guidance, do not seem to recognize the difficulties faced by MA firms when implementing new compliance protocols. They simply haven't been in our shoes and do not have the hands-on experience necessary to understand how MA firms address compliance matters. Our concern is heightened because small MA firms, who are the majority of this market segment, do not have in-house counsel or compliance departments and their compliance programs are typically being led by practicing MAs. By contrast broker-dealer firms tend to be larger, and by the nature of their business have in-house counsel and compliance functions. Recognizing this difference will help MSRB counsel write rules and guidance for non-counsel, practicing MA professionals. This does not mean that rules should be diluted, but rather that guidance be updated and developed to clarify context and more plainly explain rules and their application while minimizing legalese. **Informal and formal input, on both the policy of rules and guidance review and development, and the approach used to address the broad MA audience, is imperative in the MA RRR effort**.

We strongly request a robust guidance development process, including streamlining and differentiating the types of guidance and resources (e.g., SEC-approved interpretive guidance, interpretive guidance, various types of resources). Guidance that explains rules in plain English, with a focus on practical application and minimal legal terminology, will help MA firms determine how a rule applies to their practice and establish appropriate compliance procedures. Streamlining guidance will also surface common questions, alleviating the need (especially acute for small firms) to consult counsel simply to understand a rule.

While the MSRB's Compliance Advisory Group (CAG) assists the MSRB with its compliance agenda, the MSRB cannot rely on CAG alone for input on compliance matters, given the few number of MAs on CAG, its limited agendas and meetings, and the wide variation in MA firms and their compliance functions.

The process for MSRB rule proposals and approvals also needs to be more transparent and consistently followed. There have been instances where rules were adopted or deliberated by the Board without public notice, circumventing the ability of regulated entities to provide input and calling into question the integrity of the approval process. Rule G-34 is a case in point: in 2017 the Board approved significant changes, which the SEC approved; in 2019 the Board rescinded those changes but never filed the amended Rule with the SEC (leaving the 2017 changes in place); and in 2021 the MSRB announced it would maintain the 2017 version of the Rule, without prior notification nor providing an opportunity for public comment. Clarity about rule approvals and subsequent SEC filings is vital to the integrity of the process.

More recently, amendments to Rule G-20 were handled in a manner unnecessarily confusing and burdensome. While we support the need for regulatory parity, MAs had no opportunity to comment, and the MSRB gathered no data on implementation pressure points before the revised Rule was enacted. Further, the Notice for immediate effectiveness set an implementation date of December 1, 2026, but without explicit notification or opportunity for public comment, the MSRB changed the effective date in an email alert sent on May 26, 2026, to anytime during the June 1 – December 1 period. That change was not formally submitted to the SEC and was addressed in an additional Notice on July 2, 2026, only after concerns were expressed. Going forward, the MSRB should not send rules to the

SEC without a comment period to explore the impact on *all* regulated firms, and any change to a rule's effective date should be vetted with regulated entities following established regulatory procedures. The MSRB's chaotic implementation of what should have been straightforward changes raises great concern about how the MSRB will address rule changes within RRR of more significance for MA compliance.

The RRR must also include an intentional focus on how MSRB rules impact small MA firms. We have consistently called for more focus on the impact of regulation on small MA firms; we believe that SEC Exchange Act 15B(b)(L)(iv) requires the MSRB to consider the impact of its rules on those small MA firms trying to adhere to the rulebook. The overwhelming majority of MA firms are small, both in the general sense and under the MA Rule's small firm definition, as demonstrated in SEC Number of Registered MAs by Size data. While the MSRB now describes small firm impact in its rule filings and conducts economic analyses in rulemaking proposals, it has never made a finding that the impact of a rule change was significant, nor has it examined how the rulebook in its totality affects small firms. Its *Request for Information on Impacts of MSRB Rules on Small Firms* (Notice 2023-11) yielded no further discussion or follow-up, nor determined how the MSRB defines "small" (if outside of the SEC MA Rule's reference to the Small Business Administration's definition), a missed opportunity that deserves renewed attention within the RRR.

As the RRR begins, an initial step should be to define the process the MSRB will use to ensure public input, including how small firms interact with the rulebook, and its approach to review and propose revisions to the MA suite of rules, guidance, resources, and other publications. This will also keep the RRR effort focused on rules, guidance, and materials pertaining only to MA and UW activity, avoiding matters outside the scope of the MSRB's regulatory mandate under Section 15B of the Securities Exchange Act.

Scope of Retrospective Rule Review

We appreciate the MSRB's initiative in undertaking the MA RRR. It is an opportunity to review MA rules and guidance, some now more than a decade old; to look holistically at what is working well and what needs improvement; to address municipal market and technological advances; to identify where resources are insufficient or not yet available; and to emphasize how MSRB rules protect issuers.

Our overarching comment about the scope of RRR, is that it should focus first on the core conduct rules, then turn to the guidance and other materials. Enhancing and streamlining these resources will make them more accessible to the MA audience.

As noted above, the implementation of MA rules and the principles-based foundation of the rulebook have worked well. The MA community is diverse and, compared to broker-dealers, only recently regulated. Just as MA professionals have adjusted to regulation, the MSRB has had to adjust to writing rules outside its historical broker-dealer focus. While the MSRB's early reliance on its BD rulemaking and guidance approach was understandable, now there is the opportunity to step back and determine how MSRB rules and guidance can best reflect the MA profession.

The continued use of dealer-MA and non-dealer-MA phrasing within Rule G-23 and elsewhere in MSRB materials also needs considerable discussion and review. MA rules apply to MA activity regardless of whether a firm also provides broker-dealer services, thus the differentiation is likely not needed. However, we recognize the compliance challenges for dual-registered firms. A conversation should ensue about the delineation between MA and UW activities (as with current Rule G-23, the SEC MA Rule and its UW exemptions, and Rule G-42), and whether some of the matters should be addressed in guidance, rather than in rule text.

To aid in the RRR endeavor, please see our observations about the MSRB Rulebook, resources, guidance and other general topics in Appendix A. This document also highlights items discussed in this letter that should be given the highest priority in the RRR initiative. Appendix B lists past NAMA comment letters relevant to upcoming RRR efforts.

NAMA looks forward to engaging with the MSRB on these items as the RRR moves forward.

NAMA's key comments on the Notice are summarized below:

FA to MA Amendments

1. While it is important to address the use of "financial advisor" in MSRB rules, the MSRB should not move forward with its current proposed changes to FA terminology within the Notice. These changes should be addressed within the broader RRR effort.
2. Most importantly, the proposed changes to Rule G-23 have policy implications beyond the stated intent of revising FA phrasing and require further consideration and discussion. **<u>Any</u> changes to Rule G-23 and its interpretive guidance should only be made as part of the RRR, reviewed thoughtfully alongside the SEC's Municipal Advisor Rule, the statutory definition of fiduciary duty, and other MSRB core conduct rules including Rules G-42 and G-17, and not in isolation or on an immediately effective basis.**

Fundamentals of the MA Rulebook

3. The MSRB's development of principles-based rules that serve the wide variety of MA firms has been successful. No structural changes to this approach of the rulebook are needed.
4. Attention must be given to small MA firms and how they interact with MSRB rules and guidance as the RRR is conducted. This is necessary to comply with Securities Exchange Act Section 15B(b)(2)(L)(iv) and to ensure MSRB rules and publications serve the majority of MA firms.

RRR Process and Priorities

5. The MSRB's process for reviewing and revising rules should be established upfront in a clear, transparent manner and should invite discussion and input, with public comment periods throughout development and before any SEC submissions.
6. Engagement with market participants, including robust, **substantive** dialogue with MAs and ample opportunity for public comment, must occur early in rule, guidance, and resource reviews and development. In some cases, review of these latter products is just as - if not more - important as the rules themselves.
7. Priority should be given to review of the MA core conduct rules.

Thank you again for the opportunity to comment on this wide-ranging Notice. The MSRB's development of rules for municipal advisors has been an overall success, protecting issuers and establishing appropriate professional standards. The RRR effort will provide opportunities for improving on this foundational success.

NAMA members and NAMA's Policy Committee look forward to continued engagement with the MSRB on its MA RRR efforts.

Sincerely,

Susan Gaffney

Susan Gaffney
Executive Director

Appendix A – Observations on MSRB MA Items

See separate document

Appendix B – Past NAMA Comment Letters Related to Retrospective Rule Review Efforts

Notice 2023-11: Request for Information on Impacts of MSRB Rules on Small Firms
https://www.msrb.org/sites/default/files/2024-02/NAMAsmallfirmFEB2024.pdf

SR-MSRB-2022-05, Rule G-34 (filed with SEC)
https://www.sec.gov/comments/sr-msrb-2022-05/srmsrb202205-20135430-306322.pdf

SR-MSRB-2022-03, MSRB Fees (filed with SEC)
https://www.sec.gov/comments/sr-msrb-2022-03/srmsrb202203-20133786-303787.pdf

Notice 2019-20: MSRB Requests Input on Strategic Goals and Priorities
https://www.msrb.org/sites/default/files/RFC/2020-19/NAMA.pdf

Notice 2019-13: MSRB Rule G-23 on Activities of Dealers Acting as Financial Advisors
https://www.msrb.org/sites/default/files/RFC/2019-13/NAMA.pdf

Notice 2017-22: MSRB Seeks Input on Compliance Support
https://www.msrb.org/sites/default/files/RFC/2017-22/NAMA.pdf

Notice 2016-25: MSRB Long Term Strategic Priorities
https://www.msrb.org/sites/default/files/RFC/2016-25/Gaffney.pdf

APPENDIX A		
ITEM	**TITLE**	**OBSERVATIONS ON MSRB MA ITEMS**
G-1	Separately Identifiable Department or Division of a Bank	Make FA to MA changes; delete (a)(ii)(B) as proposed in Notice
G-2	Standards of Professional Qualifications	
G-3	Professional Qualification Requirements	Make FA to MA changes; review process for Exams, Exams outline, Exams prep, PQAC, and guidance
G-5	Disciplinary Actions by Appropriate Regulatory Agencies	
G-8	Books and Records...	Review, including guidance and compliance resources
G-9	Preservation of Records	Review, including guidance and compliance resources
G-10	Investor and MA Client Education and Protection	Review compliance resources and brochure/brochure link
G-17	Conducts of Municipal Securities and MA Activities	Review - 2021 interpretive notice, 2009 Notice on fair practices, pricing compliance resources, and Rule and guidance intersection with Rules G-23 and G-42
G-20	Gifts, Gratuities, Non-Cash Comp and Expenses of Issuances	Make FA to MA chages; determine if guidance is needed
G-23	Activities of Financial Advisors	Significant review needed to ensure Rule corresponds with SEC MA Rule, Rule G-42, Rule G-17 and guidance review/update
G-34	CUSIP Numbers, New Issue, and Market Information Requirem	Determine if future changes will be needed per FDTA
G-37	Political Contributions...	Make FA to MA changes; review rule, interpretive guidance and resources to Make FA to MA changes; review rule, interpretive guidance and resources to include MAs
G-40	Advertising by MAs	Consolidate resources and guidance; determine if other changes are needed for regulatory parity (including supervision matters)
G-42	Duties of MAs	Significant review and along with Rule G-23, review of supplementary materials - definition of MA activitiy (MSRB vs SEC) and resources
G-44	Supervisory and Compliance Obligations of MAs	Review, including compliance advisory and resources
G-46	Duties of Solicitor MAs	Consider advisory on inadvertant solicitation
A-3	Board Membership	Review MA board qualifications and seats
A-7	Assessments	Ongoing review
A-8	Rulemaking Procedures	Review
A-11	Assessments for MA Professionals	Ongoing review
A-12	Registration	Determine if future changes will be needed per FDTA
A-16	Exam Fees	
A-18	Business Continuity and Disaster Recovery Testing	

D-8	Bank Dealer	Confirm this sync with any changes to Rule G-1
D-11	Associated Persons	Review use of terms - MA firm vs MA vs associated person
D-13	MA Activities	Clarity needed on this definition and confirm it corresponds with the SEC MA Rule and other MSRB rules.
D-14	Appropriate Regulatory Agency	
Series 50 Exam	Series 50 Exam	Review outline and available resources, solicit general input on Exam
Series 54 Exam	Series 54 Exam	Review outline and available resources, solicit general input on Exam
CR	FAQ on Series 54 Exam	Review
CR	FAQ on Series 50 Exam	Review
CR	Common Compliance Questions and News Library (2023)	Identify areas needing updates, streamline with other materials
CR	Compliance Tips of the Week Archive (2023)	Identify key items that should become official guidance specific to applicable rules
CR	Preparing to Submit MSRB Form A-12	Determine if future changes will be needed per FDTA
CR	Annual Affirmation Guide	Review
CR	Understanding MA Principal Qualification Exam	Review
CR	Application of Content Standards to Advertisements	Streamline multiple guidances
CR	FAQs on Use of MA Client Lists and Case Studies	Review, address items including time frame and client lists, what is a client, etc.
CR	Resources Related to 2019 SEC Exam Priorities	Determine if necessary or update
CR	Understanding Rules Regarding Gifts, Gratuities, etc.	Streamline and update examples to reflect revised Rule G-20
CR	Compliance Advisory for MAs (2018)	Determine if necessary or update
CR	G-37 MA Business Import Instructions	Determine changes per any new FDTA requirements
CR	Summary/Small Firm MA Supervision Workshop	Review, identify additional content
CR	Sample Template for MA WSPs	Review and update
CR	FAQs Regarding G-42 and Making Recommendations	Review, identify additional content
CR	FAQs on CE Requirements for MAs	Review
CR	Developing a CE Needs Analysis and Written Training Plan	Review
CR	FAQ on Client Education and Protection	Review and check links
CR	Client Complaint and Problem Codes Guides	Review and confirm codes
CR	Application of MSRB Rules to Solicitor MAs (2017)	Determine if needed or update to reflect revised Rule G-46; consider discussion on inadvertent solicitation
CR	Considerations for Developing a MA Supervisory System and C	Review, update for helpful and additional content

Notice 2017-13	MSRB Provides Guidance on Duties of Non-Solicitor Municipal Advisors in Conduit Financing Scenarios	Review and update per review of MSRB Rules G-17, G-23, G-42 and SEC MA Rule
Notice 2016-12	Direct Purchases and Bank Loans as Alternatives to Public Financing in the Municipal Securities Market	Review
Notice 2014-10	Guidance on the MSRB MA Registration Process	Determine if necessary or update per recent Guidance
Notice 2013-17	Notice Regarding MSRB Policy on Interpretive Guidance	Review and have discussion on guidance and types of guidance
Notice 2011-52	Potential Applicability of MSRB Rules to Certain “Direct Purchases” and “Bank Loans”	Review
Notice 2011-49	MSRB Files Interpretive Notice Concerning the Application of MSRB Rule G-17 to Municipal Advisors Advising Obligated Persons or Soliciting Municipal Entities on Behalf of Others	Review
Notice 2011-37	Financial Advisors, Private Placements, and Bank Loans	Review
Form A-12		Determine if future changes will be needed per FDTA
Form G-32	Entry of MA on Transaction	Consider efforts to ensure MA on transaction is included on form
Form G-37		Determine if future changes will be needed per FDTA
Newsletters	Compliance Corners, old MA correspondence, webinars, podcasts	Have key/helpful pieces of information in applicable resources related to each Rule so they are easier to locate
Other		
Paying Fees	Problems with invoice process	Ensure invoice is part of Notice emailed to MA firms
Listings	Problems with MA firm and individual listings	Improve process to have MA firms/ MAs correctly presented on MSRB web listing
	CAG	Review and disclose purpose, member selection and work related to MSRB rules
	TAG	Review and disclose purpose, member selection and work related to MSRB rules
	Terms	Delete references to 'non solicitor MAs'
	Terms	Delete references to BD-MAs in rules, guidance and other materials
	FA references in non-Rule products	Update regulatory documents and other MSRB publications/web pages to utilize MA not FA (e.g., new issue calendar)
	Market and technology changes	Determine how advances in technology and the market may require rule/guidance changes (e.g., Ai and tokenization)
	MSRB Help Desk	Determine ways to assist MAs and other entities who call with a question, without there being a concern that SEC exams/enforcement will be notified
	MSRB Guidance to SEC	Determine ways to notify the public of any guidance or "answers" to compliance questions that the MSRB shares with SEC Exams/Engorcement offices

pfm

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July 20, 2026

VIA ELECTRONIC DELIVERY
Mr. Ronald W. Smith, Corporate Secretary
Municipal Securities Rulemaking Board
1300 I Street NW
Washington, DC 20005

RE: MSRB Notice 2026-03: Request for Comment on Draft Amendments to MSRB Rules to Retire Financial Advisor Terminology Pursuant to the MSRB's Municipal Advisor Retrospective Rule Review

Dear Mr. Smith:

On behalf of PFM Financial Advisors LLC ("PFM" or "we"), we welcome and appreciate the opportunity to comment on the Municipal Securities Rulemaking Board's (the "MSRB" or the "Board") Request for Comment on Draft Amendments to MSRB Rules to Retire Financial Advisor Terminology Pursuant to the MSRB's Municipal Advisor Retrospective Rule Review, as set forth in MSRB Notice 2026-03 (the "Notice" or the "Request for Comment"), as revised by MSRB Notice 2026-05.[1] PFM Financial Advisors LLC is one of the nation's leading independent municipal advisors, having served hundreds of municipal entities, obligated persons, and other public clients across all fifty states for over fifty years. Our broad national municipal market presence gives us a meaningful perspective on the effects that MSRB rulemaking has on market participants, including non-dealer municipal advisory firms such as ourselves and the public-sector clients we serve.

We appreciate the MSRB's transparent and collaborative approach in undertaking this retrospective rule review, and PFM supports the Board's efforts in this regard. To begin, we believe that replacement should be undertaken as part of the full retrospective rule review, with the term "financial advisor" replaced at the same time that any other changes to a given rule may be proposed, so that all changes to each applicable rule can be considered in context and at one time. As described in the Notice, the Draft Amendments to Rules G-1, G-3, G-20, G-23, and G-37 (the "Draft Amendments") are intended to eliminate the pre-Dodd-Frank term "financial advisor" or "financial advisory and consultant services" in those rules applicable to dealers, replacing them with the now-uniform term "municipal advisor" to reflect the statutory framework established by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010[2] ("Dodd-Frank"). PFM generally ***supports*** the substance of the Draft Amendments, subject to the sequencing observation noted above. At the same time, we respectfully caution the MSRB against using the retrospective rule review as an

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[1] MSRB Notice 2026-03, Request for Comment on Draft Amendments to MSRB Rules to Retire Financial Advisor Terminology Pursuant to the MSRB's Municipal Advisor Retrospective Rule Review (2026), as revised by MSRB Notice 2026-05 (2026).
[2] Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203, § 975, 124 Stat. 1376 (2010) (codified at 15 U.S.C. § 78o-4).

occasion to comprehensively rewrite its rules. In our experience, the existing municipal advisor regulatory regime is generally working well, and the review would be most productive if directed toward targeted refinements around the edges and the provision of additional clarity and guidance, rather than wholesale revision. In weighing any material changes to the rules, we further urge the MSRB to remain aware of and focused on the regulatory burden, both in personnel and financial terms, that such changes impose on all municipal advisors. In particular, we believe that attention and consideration are paramount with respect to the disproportionate impact material changes would have on solo and small independent municipal advisory firms — which constitute the substantial majority of the industry, as approximately 74% of independent municipal advisor firms are composed of solo practitioners or two-to-five individuals, while only approximately 6% have more than twenty-one individuals as of January 1, 2026.[3] Material changes that do not yield benefits to issuers or investors, or whose burdens outweigh any such benefits, fall most heavily on these businesses. We offer the following comments and observations on the specific rules, several of the particular questions posed by the MSRB, and the broader retrospective review process.

I. CONCEPTUAL SUPPORT FOR THE DRAFT AMENDMENTS

The retirement of legacy "financial advisor" terminology is a practical modernization of MSRB rules. We concur with the MSRB's representations that the Draft Amendments do not result in substantive changes to the scope or operation of these rules as currently applied. We encourage the MSRB to reinforce this intent through its interpretive guidance and the explanatory materials accompanying any final rulemaking, so that regulated entities are not left to question whether the terminology change carries substantive regulatory implications beyond what is described in the Notice. More fundamentally, we encourage the MSRB to treat the change of a rule's terminology and a thorough review of all interpretive guidance issued under that rule as a single, integrated undertaking — with any conforming updates to that guidance proposed and finalized concurrently, rather than as a subsequent step or piecemeal steps — so that the substantive standards embodied in the existing guidance are carried forward without ambiguity and provide for a more comprehensive review by registrants of their respective corresponding systems of compliance. We also encourage the MSRB to recognize that certain governmental entity clients are subject to applicable state and local laws — and maintain corresponding "shelf" or template documents — that continue to reference municipal advisors by the historical term "financial advisor."[4] Because these legal and documentary frameworks cannot be updated as readily as the MSRB's own rules, we encourage the Board to make clear that retiring the "financial advisor" terminology from its rules does not disturb or call into question the continued use of that term where it persists in such client authorities and materials.

II. RULE-BY-RULE COMMENTS

A. Rule G-1 (Separately Identifiable Department or Division of a Bank)

The Draft Amendment to Rule G-1[5] would delete "financial advisory and consultant services for issuers in connection with the issuance of municipal securities" as one of the activities defining a bank's municipal securities dealer separately identifiable department ("MSD SID"), while simultaneously clarifying that a bank may maintain both an MSD SID and a municipal advisor separately identifiable department ("MA SID"), and that such departments may, but are not required to, be the same organizational unit.

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[3] First Tryon Advisors, *MA Hot Topics*, Presentation at the National Association of Municipal Advisors 2026 Annual Conference, slide 8 (2026), https://municipaladvisors.org/wp-content/uploads/2026/05/mahottopicsFinal.pdf.
[4] See, for instance, Pennsylvania Local Government Unit Debt Act, Title 53 Part VII of Act 177 of 1996, as Amended, https://www.palegis.us/statutes/consolidated/view-statute?txtType=HTM&ttl=53&div=0&chapter=80.
[5] MSRB Rule G-1 (Separately Identifiable Department or Division of a Bank).

We support this amendment. The clarification that a bank's MSD SID and MA SID may be the same unit but need not be is a practical and welcome acknowledgment of how banks organize their municipal securities and municipal advisory functions in the current regulatory environment. PFM notes that, although not relevant to PFM's operational structure, this clarification should provide meaningful guidance to bank dealers who operate in both capacities and who may have previously faced uncertainty about whether their existing departmental structures satisfied applicable requirements.

B. Rule G-3 (Professional Qualification Requirements)

The Draft Amendment to Rule G-3[6] would remove "financial advisory or consultant services for issuers in connection with the issuance of municipal securities" as a covered activity triggering the requirement to be qualified as a municipal securities representative (Series 52) or principal (Series 53). As the Notice explains, Dodd-Frank established separate registration classifications and qualification exams — the Series 50 and 54 — for individuals engaged in municipal advisory activities, rendering the existing Series 52/53 reference to financial advisory activities redundant and potentially confusing.

PFM supports this amendment. The current language in Rule G-3 implies that dealer personnel engaged solely in municipal advisory activities (and who have accordingly obtained Series 50 and 54 qualifications) might also be required to hold the Series 52 or 53 qualifications applicable to municipal securities dealers. Although the ambiguity that currently exists for dealer personnel engaged solely in municipal advisory services is not applicable to PFM's operational structure, we believe that removing this ambiguity is consistent with the post-Dodd-Frank regulatory architecture and will provide clarity to firms and their associated persons on applicable registration requirements.

C. Rule G-20 (Gifts, Gratuities, Non-Cash Compensation and Expenses of Issuance)

Before speaking to the changes to Rule G-20 set forth in the Draft Amendments, PFM offers an observation regarding Rule G-20 that illustrates the sequencing concern expressed at the outset of this letter. Rule G-20 was itself the subject of a separate and recent amendment — increasing the gift limit from $100 to $300, together with conforming and technical renumbering changes — for which municipal advisors have a compliance date of December 1, 2026 (although municipal advisors can opt to voluntarily comply earlier).[7] The present Draft Amendment to retire the "financial advisor" terminology from the definition of "offeror" would revise the same rule through a separate rulemaking and on a separate timeline. Even where each change is, in isolation, straightforward and unobjectionable — as both are here — the sequencing of overlapping amendments to a single rule through distinct proceedings and separate notices and, in both cases, multiple notices for corrections or clarifications related to the same set of changes, can create confusion as to which version of the rule governs at a given time, and it unnecessarily imposes iterative compliance burdens by requiring municipal advisors to revisit and revise their Rule G-20 policies,

[6] MSRB Rule G-3 (Professional Qualification Requirements). The municipal securities representative and principal qualifications (Series 52 and Series 53) and the municipal advisor representative and principal qualifications (Series 50 and Series 54) are administered under Rule G-3.

[7] See MSRB Notice 2026-04 (May 1, 2026), MSRB Amends Rule G-20 to Increase Gift Limit, Consistent with Recent FINRA Amendments (announcing the filing of a proposed rule change, File No. SR-MSRB-2026-02, to amend Rule G-20 to increase the gift limit from $100 to $300 to conform to the amendments to FINRA Rule 3220 and to make technical amendments renumbering certain provisions of the rule, with an operative date of June 1, 2026 for dealers that are FINRA members and a separate compliance date of December 1, 2026 for all municipal advisors and dealers that are not FINRA members (i.e., bank dealers)); MSRB Notice 2026-07 (July 2, 2026), Notice on Voluntary Early Compliance by Municipal Advisors and Bank Dealers With Recent Rule G-20 Amendments Before December 1, 2026 (confirming that municipal advisors and bank dealers are permitted to come into compliance with amended Rule G-20 in its entirety ahead of the December 1, 2026 compliance date).

procedures, and recordkeeping systems more than once in close succession. PFM accordingly reiterates that, to the extent practicable, the MSRB should address all component changes to a given rule — including the retirement of legacy terminology — as part of its comprehensive, rule-by-rule retrospective review, so that all amendments to a particular rule are proposed, considered, and implemented together rather than through separate and overlapping rulemakings.

The Draft Amendment to Rule G-20[8] would delete "the issuer's financial advisor" from the definition of "offeror" in Rule G-20(b)(iv), retaining "municipal advisor" as the applicable term. As the Notice explains, both terms currently appear in the definition, creating duplicative and potentially confusing language.

PFM supports the elimination of this duplicative reference. Because Rule G-20 applies to non-dealer municipal advisors — as the term "municipal advisor" in the definition already encompasses them — this change directly affects firms like PFM. We appreciate that the amendment is straightforward and that no substantive change to obligations under Rule G-20 is intended or effected.

D. Rule G-23 (Activities of [Financial Advisors] Dealers Providing New Issue Municipal Advisory Services)

The proposed amendments to Rule G-23[9] represent the most substantive aspects of the Draft Amendments, even though, as the MSRB emphasizes, no changes to the underlying regulatory obligations are intended. The Draft Amendments would rename the rule "Activities of Dealers Providing New Issue Municipal Advisory Services," introduce the defined term "new issue municipal advisory services" to replace "financial advisory or consultant services to or on behalf of an issuer with respect to the issuance of municipal securities," replace "financial advisory relationship" with "new issue municipal advisory relationship," and move the basic relationship documentation requirement from Rule G-23(c) to a cross-reference to Rule G-42(c)[10], while retaining language specific to the deposit of funds with or the utilization of fiduciary or agency services offered by the dealer or its affiliates.

PFM supports the renaming of the rule and the terminology updates in general, to update terminology currently out of step with post-Dodd-Frank regulatory parlance, and we believe that the new terminology is clearer and more consistent across the MSRB's overall regulatory framework. We note, however, two points specific to changes to Rule G-23 that warrant the MSRB's attention. First, the Draft Amendment to the rule introduces two newly coined terms — "new issue municipal advisory services" and "new issue municipal advisory relationship" — that have no antecedent in the MSRB rulebook or in Dodd-Frank[11]; because the introduction of new terms of art could potentially itself be substantive, we encourage the MSRB to confirm, with specificity, that these terms are equivalent to the current rule language in every respect,

[8] MSRB Rule G-20 (Gifts, Gratuities, Non-Cash Compensation and Expenses of Issuance). The definition of "offeror" appears at Rule G-20(b)(iv).

[9] MSRB Rule G-23 (Activities of Financial Advisors).

[10] MSRB Rule G-42 (Duties of Non-Solicitor Municipal Advisors); see Rule G-42(c) (documentation of the municipal advisory relationship).

[11] The newly coined terms do not appear in the MSRB's existing interpretive guidance to Rule G-23; the guidance issued under Rule G-23 that comes closest employs the predecessor "financial advisor" and "financial advisory relationship" terminology in reference to "new issue" municipal securities, and the newly coined terms otherwise appear in no other MSRB rule. See *Electronic Delivery and Receipt of Information by Brokers, Dealers and Municipal Securities Dealers*, MSRB Interpretation (Nov. 20, 1998), https://www.msrb.org/Electronic-Delivery-and-Receipt-Information-Brokers-Dealers-and-Municipal-Securities-Dealers; *Financial Advisory Relationship: Private Placements*, MSRB Interpretation (Oct. 5, 1999), https://www.msrb.org/Financial-Advisory-Relationship-Private-Placements; and *Sales of Municipal Fund Securities in the Primary Market*, MSRB Interpretation (Jan. 18, 2001), https://www.msrb.org/Sales-Municipal-Fund-Securities-Primary-Market.

and to consider whether a more direct formulation keyed to the existing Exchange Act "municipal advisor" definition would achieve the intended modernization with less risk of unintended substantive change. Second, because the defined term turns on the provision of advice by a "municipal advisor" — a definition from which underwriters are excluded under the Exchange Act — we encourage the MSRB to confirm that the new language does not permit a dealer to characterize its advisory activity as falling outside Rule G-23 by claiming underwriter status, a result that would be inconsistent with the substance-based approach reflected in the rule's existing interpretive guidance.

Regarding the partial migration of Rule G-23(c)'s documentation requirement to Rule G-42(c), we support reducing duplicative obligations but urge the MSRB to ensure that the relationship between the two rules remains unambiguous. Specifically, because Rule G-42 is the more recently adopted and comprehensive framework for municipal advisor relationship documentation, and applies broadly to all municipal advisors, the cross-reference approach is sensible. However, we encourage the MSRB to consider whether any companion guidance or conforming clarifications to the 2011 Rule G-23 Interpretation[12] would further reduce any potential for confusion as the rule's terminology is updated.

The Notice raises a specific question as to whether the retained language in Rule G-23(c) regarding the deposit of funds with or the utilization of fiduciary or agency services of the dealer or its affiliates remains relevant to current market practices and whether it should be extended to all municipal advisors. PFM observes that this retained language is specific to dealer contexts and relates to potential conflicts of interest that arise when a dealer acting as a municipal advisor also provides banking or fiduciary services connected to the issuance. We encourage the MSRB to consider this question as part of a future phase of the retrospective review, where it can receive focused attention and comment.

E. Rule G-37 (Political Contributions and Prohibitions on Municipal Securities Business and Municipal Advisory Business)

The Draft Amendment to Rule G-37[13] would remove "the provision of financial advisory or consultant services to or on behalf of a municipal entity with respect to a primary offering of municipal securities in which the dealer was chosen to provide such services on other than a competitive bid basis" from the definition of "municipal securities business" in Rule G-37(g)(xii), along with a conforming change to Form G-37. As the Notice explains, this activity is already captured within the definition of "municipal advisory business" applicable to dealers that act as municipal advisors, such that dually registered dealers currently face duplicative reporting obligations on Form G-37.

PFM supports this amendment. The elimination of duplicative reporting requirements is a meaningful, tangible benefit to market participants and will reduce administrative burdens without any corresponding loss of regulatory transparency. The same engagement is currently reported twice on Form G-37 by a dealer that also acts as a municipal advisor — once as municipal securities business and once as municipal advisory business. We view this as a practical benefit of the retrospective review process and encourage the MSRB to look for similar opportunities to eliminate redundancy in future phases. At the same time, because this deletion rests on the premise that the activity remains fully captured within the definition of "municipal advisory business," we encourage the MSRB to confirm, with specificity, that the change does

[12] MSRB Notice 2011-29 (May 31, 2011) (interpretive guidance concerning Rule G-23); see Order Approving Proposed Rule Change, Exchange Act Release No. 34-64564, 76 Fed. Reg. 32248 (June 3, 2011) (effective for new issues after Nov. 27, 2011).
[13] MSRB Rule G-37 (Political Contributions and Prohibitions on Municipal Securities Business and Municipal Advisory Business). The definition of "municipal securities business" appears at Rule G-37(g)(xii); see also MSRB Form G-37.

not create a gap for any dealer that provides new issue advisory services to issuers but does not separately register as a municipal advisor, or that otherwise falls within an exclusion or exemption from the municipal advisor definition, so that the pay-to-play protections on which issuers rely remain fully intact.

III. OBSERVATIONS ON THE MSRB'S RETROSPECTIVE RULE REVIEW

PFM is encouraged by the MSRB's commitment to undertaking a comprehensive retrospective review of its municipal advisor regulatory framework, and we commend the Board for approaching this review through an open and collaborative process that explicitly invites broad stakeholder input. As a firm that has been engaged in the municipal market throughout the development of the current regulatory regime, PFM has a direct and long-standing interest in the outcome of this review. We offer the following observations on the scope and direction of the retrospective review. As a threshold matter, and consistent with our observation above, we respectfully suggest that the retirement of the "financial advisor" terminology would be most effectively accomplished as an integrated component of the MSRB's comprehensive, rule-by-rule review — with the terminology updated at the same time as any other amendments proposed for a given rule along with corresponding interpretive guidance applicable to such rule — rather than as a discrete first phase, so that each rule's changes and applicable interpretive guidance may be evaluated together and in context.

First, we encourage the MSRB to prioritize clarifications that reduce regulatory complexity for non-dealer independent municipal advisory firms. While many aspects of the current MSRB municipal advisor framework were drafted with dealer registrants in mind, and were adapted from existing dealer rules, independent non-dealer municipal advisors such as PFM have distinct business models, client relationships, and compliance profiles. Regulatory requirements that fit the dealer model may impose disproportionate compliance burdens on non-dealer advisors without commensurate investor or issuer protection benefits. We encourage the MSRB, in the course of the review, to seek specific input from independent municipal advisors on areas where the current regulatory framework creates friction or ambiguity in a non-dealer context, and to identify opportunities for proportionate tailoring where appropriate. At the same time, PFM emphasizes that the municipal advisor rules should apply uniformly to all municipal advisors: a firm's obligations when engaged in municipal advisory activities should be the same whether the firm is a non-dealer municipal advisor or a dealer that also acts as a municipal advisor. Regulatory requirements should attach to the municipal advisory activity itself, rather than to the registration status or organizational form of the firm performing it, so that all municipal advisors operate on a level regulatory footing and issuers receive the same protections regardless of which type of firm they engage.

Second, consistent with the objectives outlined in the Notice, we strongly support the MSRB's stated goal of examining the consistency and interoperability of substantive terms across the suite of municipal advisor rules, and in particular the prospect of enhanced coordination between MSRB and SEC rules and guidance. Overlapping or inconsistent terminology between MSRB rules and SEC registration requirements has at times created unnecessary confusion, and we welcome any steps that improve alignment between the two regulatory regimes.

Third, we encourage the MSRB to consider, as part of subsequent phases of the retrospective review, whether aspects of the current framework applicable to the municipal advisor engagement and relationship documentation requirements under Rules G-42 and G-17[14], and the associated interpretive guidance, can be modernized or streamlined to better reflect current market practices in municipal advisory relationships. The existing framework, while well-intentioned, was developed in the early post-Dodd-Frank period and

[14] MSRB Rule G-17 (Conduct of Municipal Securities and Municipal Advisory Activities).

may benefit from refinement in light of over a decade of practical experience by market participants and regulators.

Fourth, we encourage the MSRB to explore and, where appropriate, provide guidance regarding the role of technology in the municipal securities industry and specifically in the municipal advisor rules. In particular, as tools such as artificial intelligence increasingly become part of everyday use cases and are embedded in technology targeted specifically for managing municipal entities' financial matters, we encourage the MSRB to contemplate what rulemaking, interpretive guidance, or other insight may be warranted with respect to their use. This would extend to requirements for registration as a municipal advisor and application of fiduciary duty, so that the regulatory framework keeps pace with technological developments while continuing to protect issuers and investors and supporting responsible innovation by municipal advisors.

Fifth, in conducting this and each future phase of the retrospective rule review process, PFM encourages the MSRB to develop deliberate methods and opportunities for stakeholders and industry groups to engage proactively — and particularly for issuers, who are among the principal intended beneficiaries of the municipal advisor regulatory framework. Such participation can foster incorporation of the perspectives of those the rules are designed to protect into the outcome of the review. As the Government Finance Officers Association also advocates, the MSRB staff should look for systematic input from advisory groups and other outlets of various market participants including issuers and investors, an objective fully consonant with the MSRB's own stated value of "engaging with [MSRB] stakeholders."[15]

Finally, PFM respectfully requests that the MSRB continue to provide ample opportunity for written comment at each phase of the retrospective review before any proposed rule amendments are submitted to the SEC for approval. The rulemaking process is most effective when regulated entities and the public clients they serve have a genuine opportunity to engage with draft proposals before they are finalized. We commit to remaining active and constructive participants throughout this process.

IV. RESPONSES TO SPECIFIC QUESTIONS POSED BY THE MSRB

The Notice poses several specific questions on the Draft Amendments and on the retrospective review. Below, PFM provides brief responses to selected questions:

1. Are there any reasons to retain financial advisory terminology in one or more of the rules?

PFM is not aware of any substantive reason to retain the "financial advisor" or "financial advisory and consultant services" terminology in the affected rules. As described above, the proposed updated terminology is consistent with Dodd-Frank and post-Dodd-Frank rulemaking, and we do not believe that the retirement of the legacy terminology would introduce any substantive gap or confusion if accompanied by appropriate conforming updates to existing interpretive guidance. As noted above, however, we encourage the MSRB to confirm that retiring the term from its own rules does not call into question, or result in a violation of MSRB rules based on, the continued use of "financial advisor" where used contextually or where it persists in state and local laws and in the template documents governed by them, which cannot be updated as readily as the MSRB's rules.

2. Do the Draft Amendments effectively achieve the purpose of retiring the term financial advisor without resulting in substantive changes to the operation of the affected rules?

[15] MSRB, *Vision, Mission and Values*, https://www.msrb.org/MSRB-News/MSRB-Vision-Mission-and-Values (last visited July 20, 2026).

Yes, in our view the Draft Amendments as proposed are appropriately drafted to achieve a terminology modernization without substantive regulatory change. We note that the MSRB's stated intent to revise the language of the 2011 Rule G-23 Interpretation to reflect the new terminology, without changing its substantive provisions, is critical to preserving the existing analytical framework applicable to dealers providing advisory services in new issues and should be carried through carefully in the final rule package. We add one qualification specific to Rule G-23: because that rule introduces newly coined defined terms with no antecedent and its standards rest on a substantial body of interpretive guidance, the revision of the 2011 Rule G-23 Interpretation and any related guidance should be developed and finalized concurrently with the rule change — and expressly mapped to the scenarios that guidance addresses — rather than left to a subsequent step or fractional steps, so that the result is genuinely free of substantive change.

3. Would the change in terminology result in the unintended expansion or narrowing of the scope of persons or activities covered?

PFM does not believe the terminology change, as drafted, would result in an unintended expansion or narrowing of scope, provided that the interpretive guidance relating to the rules is updated consistently with the final rulemaking. We particularly encourage the MSRB to confirm that the definition of "new issue municipal advisory services" in the amended Rule G-23 is clearly understood to carry forward the same activity-based scope limitations that currently apply to Rule G-23 — i.e., that it applies only to dealer activity with respect to new issues of municipal securities, and not to other types of municipal advisory activities such as advice on municipal derivatives or paid solicitations.

5. Are the changes that reduce duplicative obligations appropriate?

Yes. As noted above with respect to Rules G-23 and G-37, the elimination of duplicative documentation and reporting obligations is a meaningful benefit to regulated entities and is consistent with sound regulatory policy. PFM supports these specific changes and encourages the MSRB to pursue additional opportunities to reduce redundancy as the retrospective review proceeds.

6. Is it appropriate to partially move the documentation requirement under Rule G-23 to Rule G-42 as part of the Draft Amendments, or should that be reserved to a future phase?

PFM recognizes that moving the basic documentation cross-reference to Rule G-42 would eliminate duplication while maintaining the integrity of dealer-specific provisions in Rule G-23. Consistent with the sequencing position expressed above, however, PFM believes that this partial migration would be more appropriately addressed as part of the MSRB's comprehensive, rule-by-rule retrospective review, so that the relationship between Rules G-23 and G-42 may be evaluated together with any other amendments proposed for those rules and considered in context. A more substantive re-examination of the Rule G-23 documentation framework and its relationship to Rule G-42 should be reserved for a dedicated rule-by-rule retrospective review phase where those questions can receive thorough consideration and specific comment.

V. CONCLUSION

PFM supports the objective of the Draft Amendments and the modernization they would achieve in the MSRB's municipal advisor regulatory framework. As discussed above, however, we respectfully encourage the MSRB to incorporate the retirement of the "financial advisor" terminology into its comprehensive, rule-by-rule retrospective review — replacing the term at the same time as any other amendments proposed for a given rule — rather than advancing it as a standalone first phase, so that all proposed changes to each affected rule, as well as corresponding interpretive guidance, may be considered together in context. The retirement of legacy "financial advisor" terminology will bring clarity and consistency to MSRB rules applicable to dealers acting in a municipal advisory capacity, and the targeted elimination of duplicative obligations is a practical benefit to regulated entities. We are committed to continuing to engage constructively as the retrospective review proceeds through its subsequent phases, and we thank the MSRB for the opportunity to provide these comments. In particular, and as detailed above, we encourage the MSRB to give the proposed Rule G-23 changes the fuller consideration their substantive dimensions warrant — including the newly coined terms, their interaction with the Exchange Act's exclusion of underwriters from the "municipal advisor" definition, and the need for concurrent review and, as warranted, revision of all applicable interpretive guidance — whether within this rulemaking or as part of the dedicated rule-by-rule review.

PFM remains available to discuss any of the foregoing at the MSRB's convenience.

Respectfully submitted,

PFM Financial Advisors LLC

Cheryl Maddox
Chief Legal and Compliance Officer

cc: Natasha Holiday, Chair, MSRB Board
Wendell Gaertner, Vice Chair, MSRB Board
Mark Kim, President and Chief Executive Officer, MSRB

July 20, 2026

<u>VIA ELECTRONIC SUBMISSION</u>
Ronald W. Smith
Corporate Secretary
Municipal Securities Rulemaking Board
1300 I Street NW
Washington, DC 20005

Re: MSRB Notice 2026-03 – Request for Comment on Draft Amendments to Retire Financial Advisor Terminology

Dear Mr. Smith,

SIFMA[1] appreciates the opportunity to comment on MSRB Notice 2026-03 (the "Notice"), which requests input on draft amendments to MSRB Rules G-1, G-3, G-20, G-23, and G-37 to replace legacy references to "financial advisor" with the term "municipal advisor."

SIFMA and its members strongly support the MSRB's retrospective review initiative and its efforts to modernize the rulebook to better align with the statutory and regulatory framework established under the Dodd-Frank Act. As the MSRB notes, the continued use of both "financial advisor" and "municipal advisor" terminology may introduce ambiguity and unnecessary compliance burdens.

Overall, SIFMA supports the MSRB's objective of promoting clarity and consistency in terminology, provided that the amendments do not inadvertently alter the scope or application of existing requirements.

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

I. General Comments

SIFMA agrees that harmonizing terminology across MSRB rules to reflect the "municipal advisor" construct established under the Exchange Act would improve clarity and reduce the risk of inconsistent interpretations. However, we urge the MSRB to ensure that:

- The amendments do not expand the substantive scope of any rule, particularly with respect to dealer obligations;
- Existing distinctions between dealer and municipal advisor activity are preserved; and
- Interpretive guidance is updated comprehensively to avoid uncertainty.

We also encourage the MSRB to explicitly reaffirm, in any adopting release, that these changes are not intended to modify existing regulatory expectations or create new compliance obligations, consistent with the Notice's stated intent.

II. Rule-Specific Comments

A. Rule G-1

SIFMA supports the proposed deletion of "financial advisory and consultant services" from the municipal securities dealer separately identifiable department or division definition, provided this change is purely conforming.

As set forth by the MSRB, MSRB Rule G-1 defines the term "separately identifiable department or division of a bank," ("SID"). This term is used in Exchange Act to allow a bank that engages in the business of buying and selling municipal securities within a well-defined internal unit to register such unit separately, rather than the bank as a whole, with the SEC as a municipal securities dealer ("MSD SID") under Exchange Act Section 15B(a)(2). The MSD SID definition in Rule G-1 includes, as part of the municipal securities dealer activities to be conducted within such MSD SID, "financial advisory and consultant services for issuers in connection with the issuance of municipal securities." Thus, if a bank has an MSD SID and it engages in such financial advisory activities, it must conduct it within the MSD SID to maintain its ability to use the MSD SID designation.

After enactment of Dodd-Frank, the SEC adopted a separate definition of "separately identifiable department or division" of a bank under Exchange Act Rule 15Ba1- 1(d)(4) for purposes of the SEC's registration requirements for municipal advisors ("MA SID"). The MA SID definition consists of the unit of a bank which conducts all of the municipal advisory activities of the bank (which includes, but is not limited to, the type of advice to issuers in connection with the issuance of municipal securities currently covered by the definition of MSD SID in Rule G-1). The SEC rule does not require that an MA SID also be an MSD SID. The MSRB amended Rule G-1 to acknowledge the separate SEC definition of MA SID with respect to the municipal advisory activities of banks.

We agree with the MSRB's clarification that a bank may maintain separate MSD and municipal advisor SIDs. To avoid operational ambiguity, the MSRB should confirm that no restructuring of existing SID frameworks is required as a result of this clarification.

B. Rule G-3

SIFMA supports removing financial advisory activities from the scope of Series 52 and Series 53 qualification requirements to eliminate confusion regarding applicable licensing regimes. We agree that personnel engaging in municipal advisory activities should be qualified through Series 50 and Series 54 examinations, as applicable.

C. Rule G-20

SIFMA supports deleting the term "financial advisor" from the definition of "offeror" to remove duplicative terminology. We do not believe this change raises substantive concerns

D. Rule G-23

SIFMA supports the substitution of the term "municipal advisor" for the term "financial advisor" in Rule G-23, as this amendment would clarify that the exceptions from the definition of "municipal advisor" would apply to Rule G-23 just as they apply to the SEC's Municipal Advisor Registration Rule[2] ("SEC MA Rule") itself. For example, a firm that relies upon the issuer's retention of an independent registered municipal advisor pursuant to the SEC's MA Rule would not be considered a municipal advisor and could therefor serve as an underwriter or placement agent without violating Rule G-23, just as is the case under the SEC's MA Rule.

SIFMA feels strongly that the MSRB should add a definition of "new issue" to these amendments to clarify the new Rule G-23 terminology "new issue municipal advisory services" and "new issue municipal advisory relationship." SIFMA suggests that the MSRB define "new issue" to mean "primary offering." The term "primary offering" is well known and understood in the industry as opposed to the term "new issue," which may be subject to potential ambiguity and interpretation.

Further, SIFMA generally supports the MSRB undertaking a future comprehensive retrospective review of Rule G-23 and Rule G-42. SIFMA agrees with the MSRB that Rule G-23 includes redundant documentation requirements with Rule G-42. We would support the MSRB streamlining the overlapping obligations and consolidating the duties of non-solicitor municipal advisors into Rule G-42. As part of that effort, we urge the MSRB to carefully consider which provisions in Rule G-23, particularly those relating to documentation and affiliated services, remain necessary in their current form.

[2] *See*, 17 CFR § 240.15Ba1-1 et. seq.

E. Rule G-37

SIFMA strongly supports eliminating potentially confusing disclosure requirements under Rule G-37 and Form G-37 for dealers that are also municipal advisors.

III. Economic Analysis

SIFMA agrees with the MSRB's assessment that the proposed amendments are unlikely to impose significant costs and should generate modest efficiency gains over time, particularly through reduced duplicative reporting and enhanced clarity. However, we recommend that the MSRB:

- Reassess whether implementation timelines will allow firms sufficient time to update policies, procedures, and supervisory systems; and
- Provide clear transition guidance to minimize operational disruption.

IV. Retrospective Rule Review

SIFMA appreciates the MSRB's broader retrospective review initiative and supports a phased approach that first addresses terminology and, in the future, will consider substantive issues, particularly relating to overlapping requirements in Rule G-23 and Rule G-42. We encourage the MSRB, in a future phase, to:

- Evaluate areas where municipal advisor and dealer obligations overlap or create inefficiencies;
- Consider opportunities for further streamlining reporting and documentation requirements;
- Consolidate and streamline rulemaking for non-solicitor advisors into Rule G-42; and
- Engage extensively with market participants to ensure that any substantive changes are well calibrated and operationally feasible.

V. Conclusion

SIFMA supports the MSRB's efforts to modernize its rulebook and promote consistency with the post–Dodd-Frank regulatory framework. We believe the draft amendments are an incremental step forward to enhance clarity, reduce unnecessary burdens, and improve regulatory efficiency. We appreciate the opportunity to comment and would be pleased to discuss these issues further with the MSRB. If a fuller discussion of our comments would be helpful, I can be reached at (212) 313-1130.

Respectfully submitted,

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cc: ***Municipal Securities Rulemaking Board***
Ernesto A. Lanza, Chief Regulatory and Policy Officer