MSRB
Municipal Securities Rulemaking Board

MSRB Notice

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Stakeholders
Municipal Securities Dealers, Issuers, Investors, General Public

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Category
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Affected Rules
Rule G-27

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SEC Approves Amendments to MSRB Rule G-27 on Dealer Supervision

Overview

On September 16, 2026, the Municipal Securities Rulemaking Board (MSRB) received approval from the Securities and Exchange Commission ("Commission") to amend MSRB Rule G-27, on supervision, to: (i) exclude certain public finance activities from the term "structuring of public offerings or private placements" as used within Rule G-27, (ii) extend the length of the exclusion for non-primary residences from municipal branch office designation, and (iii) make a technical update to the title of Rule G-27 (the "rule amendments").[1]

Compliance Date

The compliance date for the rule amendments is January 1, 2027.

Summary of Rule Amendments

Rule G-27(a) requires each broker, dealer and municipal securities dealer ("dealer") to supervise the municipal securities activities of the dealer and its associated persons to ensure compliance with MSRB rules, and the applicable provisions of the Securities Exchange Act of 1934 and rules thereunder. The amendments to Rule G-27 are described in detail below.

Extend the 30-Business Day Exclusion for Non-Primary Residences from Municipal Branch Office Designation

Rule G-27(g)(ii)(A) defines a municipal branch office as any location where one or more associated persons of a dealer regularly conducts the business of effecting any transactions in, or inducing or

[1] *See* Securities Exchange Act of 1934 Release No. 106393 (Sep. 16, 2026) (File No. SR-MSRB-2026-04).

attempting to induce the purchase or sale of any municipal security, or is held out as such, with certain exclusions.[2] One such exclusion from the municipal branch office definition, listed in Rule G-27(g)(ii)(A)(3), is for any location, other than a primary residence, that is used for municipal securities activities for a limited number of business days per calendar year, assuming certain conditions specified in Rule G-27(g)(ii)(A)(2)(a) through (h) are met.

The rule amendments extend Rule G-27(g)(ii)(A)(3)'s exclusion for non-primary residences, that are used for municipal securities activities, from municipal branch office designation from less than 30 business days per calendar up to a new limit of 90 business days or fewer per calendar year. This increase from less than 30 business days per calendar year to up to 90 business days per calendar year will provide dealers with greater latitude in permitting their associated persons to work at non-primary residential locations, such as a vacation home or the home of a partner or family member.

The MSRB reminds dealers that the up to 90 business days per year exclusion from municipal branch office designation for non-primary residences is optional for dealers, and that dealers should conduct their own risk analysis to determine if this type of remote work, and the 90-business day limit, is appropriate for their business model, supervisory structure and overarching supervisory system.

Defining Structuring of Public Offerings or Private Placements and Excluded Public Finance Activities

Rule G-27(b)(iii) requires dealers to designate any office as an office of municipal supervisory jurisdiction ("OMSJ") where certain specified activities occur. These activities are outlined in Rule G-27(g)(i) and include the activity of "structuring of public offerings or private placements." Locations that are not required to be designated as an OMSJ constitute either a municipal branch office or a non-branch location.[3]

The meaning of the term "structuring of public offerings or private placements" has never been publicly defined by the MSRB. Therefore, the rule amendments address the definition of "structuring of public offerings or private placements" by adding new Supplementary Material .06, on Exemption of Excluded Public Finance Activities from Office of Municipal Supervisory Jurisdiction and Municipal Branch Office Designation, and .07, on Definition of Excluded Public Finance Activities, to Rule G-27.

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[2] *See* MSRB Rule G-27(g)(ii)(A)(1)-(7).

[3] FINRA similarly distinguishes among offices of supervisory jurisdiction and branch offices, which must be registered, and unregistered offices or non-branch locations in FINRA Rule 3110. *See also* Exchange Act Release No. 48897 (Dec. 9, 2003), 68 FR 70059, 70061 (Dec. 16, 2003) (File No. SR-NASD-2003-104) (Notice of Filing of Proposed Rule Change and Amendment Nos. 1 and 2 Related to Proposed New Uniform Definition of "Branch Office" Under NASD Rule 3010(g)(2).

New Supplementary Material .06 specifies that a location would not meet the definition of an OMSJ under Rule G-27(g)(i) solely by engaging in excluded public finance activities (as defined in new Supplementary Material .07), so long as the location does not engage in any other activities that would otherwise qualify the office as an OMSJ. Moreover, for the sake of clarity, new Supplementary Material .06 expressly states that such excluded public finance activities would not be deemed to constitute "structuring of public offerings or private placements" within the meaning of OMSJ under Rule G-27(g)(i)(B). Under new Supplementary Material .06, a primary residence that otherwise meets the exception from municipal branch office designation under Rule G-27(g)(ii)(A)(2), and from which an associated person engages in excluded public finance activities, would be deemed a non-branch location, as long as the associated person does not engage in any other activities that would require designation of such location as an OMSJ, under Rule G-27(g)(i). Dealers would need to look carefully at the activities of their non branch locations to ensure that they are not considered by Rule G-27 to be a municipal branch office.

New Supplementary Material .07 defines "excluded public finance activities" as activities that are associated with the structuring of public offerings or private placements, including but not limited to debt modeling, financial analysis, number running, and the solicitation of issuers or obligated persons for the dealer's investment banking services in connection with municipal securities (e.g., public finance banking services), but does not include final approval of a public offering or private placement transaction (i.e., structuring) conducted by the dealer.

New Supplementary Material .07 notes that the activities identified in the supplementary material are not an exhaustive list, and, as such, other activities undertaken in furtherance of a public offering or private placement could be deemed excluded public finance activities if the dealer can demonstrate that those activities do not include final approval of a public offering or private placement transaction conducted by the dealer. Finally, new Supplementary Material .07 expressly states that the final approval of a public offering or private placement transaction would be explicitly outside of the scope and definition of excluded public finance activities, since such final approval of a public offering or private placement transaction is deemed structuring for purposes of the OMSJ definition, pursuant to Rule G-27(g)(i).

The MSRB notes that the phrase "final approval of a public offering or private placement transaction" in new Supplementary Material .07 references actions internal to the dealer relating to the decision to approve such transaction, the timing of which may vary depending on the specific transaction or the processes undertaken by a specific dealer. As such, and to aid the appropriate examining authorities' ability to surveil for compliance with the rule, the rule amendments require dealers to adopt compliance policies and procedures reasonably designed to make clear what actions constitute the final approval of a public offering or private placement transaction (i.e., structuring) conducted by the dealer. New Supplementary Material .07 prescribes, when determining what actions constitute the final approval of a public offering or private placement, dealers should take into account all relevant factors to ensure their compliance policies and procedures are reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable MSRB rules, evidencing compliance to the appropriate examining authority.

Technical Amendments

The rule amendments change the title of Rule G-27 from “Supervision” to “Supervisory and Compliance Obligations of Brokers, Dealers and Municipal Securities Dealers.” This non-substantive, technical change clarifies that Rule G-27 is applicable to dealers only, as well as standardizes the format of the rule title with MSRB Rule G-44, on Supervisory and Compliance Obligations of Municipal Advisors, the MSRB’s supervision rule for municipal advisors. The MSRB believes that standardizing rule format across the MSRB rulebook will create a more user-friendly rulebook.

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Text of Amendments*

Rule G-27: ~~Supervision~~ Supervisory and Compliance Obligations of Brokers, Dealers and Municipal Securities Dealers

(a) – (f) No Change.

(g) *Definitions*. For purposes of this rule, the following terms have the following meanings:

(i) "Office of municipal supervisory jurisdiction" means any office of a dealer at which any one or more of the following functions take place with respect to municipal securities, subject to Supplementary Material .06 and .07 of this rule:

(A) – (G) No Change.

(ii) (A) A "municipal branch office" is any location where one or more associated persons of a dealer regularly conducts the business of effecting any transactions in, or inducing or attempting to induce the purchase or sale of any municipal security, or is held out as such, excluding:

(1) – (2) No Change.

(3) Any location, other than a primary residence, that is used for municipal securities activities for ~~less than 30~~ 90 business days or fewer in any one calendar year, provided the dealer complies with the provisions of clauses (ii)(A)(2)(a) through (h) above;

* Underlining indicates new language; strikethrough denotes deletions.

(4) – (7) No Change.

(B) – (C) No Change.

(iii) – (vi) No Change.

Supplementary Material

.01 - .05 No Change.

.06 Exemption of Excluded Public Finance Activities from Office of Municipal Supervisory Jurisdiction and Municipal Branch Office Designation. A location would not meet the definition of an office of municipal supervisory jurisdiction, as defined under subsection (g)(i), if any associated persons at such location engage in excluded public finance activities, as defined under Supplementary Material .07 of this rule, which would not be deemed structuring, and do not engage in any other activity that would require office of municipal supervisory jurisdiction designation. If a location satisfies the conditions set forth in subparagraph (g)(ii)(A)(2)(a) through (h) of this rule to exclude it from the definition of municipal branch office under paragraph (g)(ii)(A) of this rule, such location that is an associated person's primary residence from which excluded public finance activities are conducted would be deemed a non-branch location, as long any associated person does not engage in any other activities that would require designation of such location as an office of municipal supervisory jurisdiction.

.07 Definition of Excluded Public Finance Activities. Notwithstanding paragraph (g)(i)(B) of Rule G-27, the term "excluded public finance activities" is defined as activities that are associated with the structuring of public offerings or private placements, including but not limited to debt modeling, financial analysis, number running, and the solicitation of issuers or obligated persons for the dealer's investment banking services in connection with municipal securities (e.g., public finance banking services), but does not include final approval of a public offering or private placement transaction (i.e., structuring) conducted by the dealer. The aforementioned activities do not serve as an exhaustive list of activities that would be deemed excluded public finance activities, and therefore, other activities in furtherance of a public offering or private placement could be deemed excluded public finance activities if the dealer can demonstrate that such other activities do not include final approval of a public offering or private placement transaction conducted by the dealer.

Every dealer shall adopt compliance policies and procedures reasonably designed to make clear what action taken constitutes the final approval of a public offering or private placement transaction (i.e., structuring) conducted by the dealer. Dealers shall take into consideration all relevant factors in determining what action taken constitutes final approval of a public offering or private placement transaction (i.e., structuring) conducted by the dealer to ensure its compliance policies and procedures are reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable Board rules, and evidencing compliance to the appropriate examining authority.