SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-106393; File No. SR-MSRB-2026-04]

Self-Regulatory Organizations; Municipal Securities Rulemaking Board; Order Granting Approval of a Proposed Rule Change to Amend MSRB Rule G-27 to Exclude Certain Public Finance Activities from the Term "Structuring of Public Offerings or Private Placements," Extend the Length of the Exclusion for Non-Primary Residences from Municipal Branch Office Designation, and Make a Technical Update to the Rule's Title

September 16, 2026.

I. Introduction

On July 27, 2026, the Municipal Securities Rulemaking Board ("MSRB") filed with the Securities and Exchange Commission ("SEC" or "Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act" or "Exchange Act")[1] and Rule 19b-4 thereunder,[2] a proposed rule change to amend MSRB Rule G-27 ("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 MSRB 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 MSRB Rule G-27 (collectively, the "proposed rule change").[3]

The MSRB will announce the operative date of the proposed rule change in a regulatory notice to be published on the MSRB website no later than 30 days following Commission

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1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

3 See Exchange Act Release No. 34-106014 (July 30, 2026), 91 FR 49460 (August 4, 2026) (File No. SR-MSRB-2026-04) ("Notice").

approval.[4] The compliance date would be no earlier than 90 days and no later than 180 days following Commission approval.[5]

The proposed rule change was published for comment in the Federal Register on August 4, 2026.[6] The Commission received four comment letters[7] on the proposed rule change. On September 2, 2026, the MSRB responded to the comment letters.[8] As described further below, the Commission is approving the proposed rule change.

II. Description of the Proposed Rule Change

A. Background

MSRB Rule G-27(a), on obligation to supervise, requires each broker, dealer, or municipal securities dealers ("dealer") to supervise the conduct of the municipal securities activities of the dealer and its associated persons to ensure compliance with MSRB rules, and the applicable provisions of the Exchange Act and rules thereunder. As such, MSRB Rule G-27(b)(iii) requires dealers to designate as an office of municipal supervisory jurisdiction ("OMSJ") any office at which any one or more of the enumerated activities under MSRB Rule

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4 See Notice, 91 FR at 49460.

5 See id.

6 See id.

7 See Letter from Leslie M. Norwood, Managing Director and Associate General Counsel, Securities Industry and Financial Markets Association, dated August 25, 2026 ("SIFMA Letter"); Letter from Susan Gaffney, Executive Director, National Association of Municipal Advisors, dated August 25, 2026 ("NAMA Letter"); Letter from Michael Decker, Senior Vice President, Research & Public Policy, Bond Market Association, dated August 24, 2026 ("BMA Letter"); and Letter from Jessica R. Giroux, Chief Legal Officer, American Securities Association, dated August 25, 2026 ("ASA Letter").

8 See Letter from Ernesto A. Lanza, Chief Regulatory and Policy Officer, MSRB, dated September 2, 2026 ("MSRB Letter").

G-27(g)(i) occurs at such office with respect to municipal securities. Locations that are not required to be designated as an OMSJ constitute either a municipal branch office or a non-branch location.[9]

The MSRB notes it has never publicly defined the scope of the term "structuring of public offerings or private placements,"[10] which the MSRB believes has led to dealers designating some locations as an OMSJ out of an abundance of caution.[11] The MSRB notes that there are additional compliance and regulatory obligations for locations classified as an OMSJ or a municipal branch office, including annual inspections.[12] According to the MSRB, advancements in technology and compliance tools have enhanced dealers' ability to more effectively supervise the conduct of the municipal securities activities of the dealer and that of its associated persons in a decentralized environment due to hybrid work arrangements.[13] The MSRB also stated that certain surveillance and monitoring technology can provide a more real-time supervision of associated persons regardless of their physical location.[14] Thus, according to the MSRB, dealers have made strides in modernizing their workplace while also undertaking the necessity of putting proper safeguards in place to ensure compliance with MSRB rules and the applicable provisions of the Exchange Act and rules thereunder.[15]

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9 See Notice, 91 FR at 49461.

10 See Notice, 91 FR at 49462. The MSRB notes that FINRA has also never defined the term "structuring of public offerings or private placements" in FINRA Rule 3110.

11 See Notice, 91 FR at 49461.

12 See Notice, 91 FR at 49462.

13 See Notice, 91 FR at 49461.

14 See id.

15 See id.

Based on the above and as further described in the Notice, according to the MSRB, the proposed rule change will provide greater flexibility to dealers and their associated persons with respect to hybrid work arrangements without modifying the OMSJ and municipal branch office definitions within MSRB Rule G-27(g)(i) and MSRB Rule G-27(g)(ii), respectively.[16]

B. Summary of the Proposed Rule Change

As discussed below and in the Notice, the proposed rule change would amend Rule G-27 to (i) exclude certain public finance activities from the term "structuring of public offerings or private placements" as used within MSRB 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 MSRB Rule G-27.[17] Specifically, the proposed rule change would extend an exemption from municipal branch office designation under MSRB Rule G-27(g)(ii)(A)(3) for non-primary residences from less than 30 business days per year to up to 90 business days per year.[18] The proposed rule change would also provide guidance in new Supplementary Materials .06 and .07 on the meaning of the term "structuring of public offerings or private placements", also commonly referred to as public finance banking activities.[19] More specifically, the proposed rule change describes the types of activities that would be included or excluded from the meaning of "structuring of public offerings or private placements" under MSRB Rule G-27.[20] The proposed rule change would also make clarifying edits to the title of MSRB Rule G-27 to

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16 See id.

17 See Notice, 91 FR at 49462-65.

18 See Notice, 91 FR at 49462-63.

19 See Notice, 91 FR at 49463-64.

20 See id.

plainly state that the rule is applicable to brokers, dealers, and municipal securities dealers.[21]

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

MSRB Rule G-27(g)(ii)(A)(3) currently allows for a non-primary residence where municipal securities business is conducted for less than 30 business days per calendar year to be excluded from municipal branch office designation, if the location meets the provisions of MSRB Rule G-27(g)(ii)(A)(2)(a) through (h). The proposed rule change would increase this limit in MSRB Rule G-27(g)(ii)(A)(3) to up to 90 business days per calendar year without amending the conditions outlined in MSRB Rule G-27.[22]

According to the MSRB, the increase from less than 30 business days per calendar year to up to 90 business days per calendar year for an associated person to work from a non-primary residence without triggering municipal branch office designation would provide dealers 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, or at another location.[23] The MSRB believes that the proposed rule change would also provide dealers additional and reasonable flexibility in implementing hybrid work arrangements that acknowledge and account for advances in technology that could allow for effective remote supervision capabilities, while also appropriately limiting the municipal securities related work that could be done away from a municipal branch office.[24] In addition to changing the annual business day limit from 30 to 90,

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[21] See Notice, 91 FR at 49464.

[22] See Notice, 91 FR at 49462-63.

[23] See Notice, 91 FR at 49462.

[24] See id.

the proposed rule change would also make minor technical edits to MSRB Rule G-27(g)(ii)(A)(3) to improve clarity of the rule by removing the term "less than" and adding the term "or fewer" into the text of the rule.[25]

The MSRB notes that the current less than 30-business days per calendar year exclusion from municipal branch office designation for work performed at a non-primary residence, and the potential extension to up to 90 business days per calendar year under the proposed rule change, is an exclusion that would be allowed under MSRB Rule G-27.[26] However, the MSRB also notes that dealers would need to conduct their own risk analysis to determine if this type of remote work, and the 90-business day limit allowed under the proposed rule change, is appropriate for their business model, supervisory structure and overarching supervisory system.[27]

Structuring of Public Offering or Private Placements

The proposed rule change would add proposed 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 MSRB Rule G-27.[28] Proposed new Supplementary Material .06 of MSRB Rule G-27 would state that a location would not meet the definition of an OMSJ under MSRB Rule G-27(g)(i) if associated persons at such location engage in excluded public finance activities, so long as that location does not engage in any other activities that would require

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25 See id.

26 See id.

27 See Notice, 91 FR at 49462-63.

28 See Notice, 91 FR at 49463-64.

designation as an OMSJ.[29] The proposed supplementary material would also expressly state that these excluded public finance activities would not be deemed to constitute "structuring of public offerings or private placements" within the meaning of OMSJ under MSRB Rule G-27(g)(i)(B).[30] Furthermore, under proposed new Supplementary Material .06 of MSRB Rule G-27, a primary residence that otherwise meets the exception from municipal branch office designation under MSRB 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 MSRB Rule G-27(g)(i).[31] The MSRB notes that dealers would need to look carefully at the activities of their non-branch locations to ensure that they are not considered by MSRB Rule G-27 to be a municipal branch office.[32] In addition, the proposed rule change would add a reference to new Supplementary Materials .06 and .07.[33]

Proposed new Supplementary Material .07 of MSRB Rule G-27 would define the term 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).[34]

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29 See Notice, 91 FR at 49463.

30 See id.

31 See id.

32 See id.

33 See id.

34 See id.

However, the MSRB states that this does not include final approval of a public offering or private placement transaction (i.e., structuring) conducted by the dealer.[35] Proposed new Supplementary Material .07 of MSRB Rule G-27 would also make clear that the activities described within the definition of excluded public finance activities are not an exhaustive list of excluded public finance activities, and other activities could fall within the definition if a dealer can demonstrate that such other activities do not include the final approval of a public offering or private placement transaction.[36] According to the MSRB, activities such as preliminary data analysis and modeling, as well as running standard debt capacity or sensitivity analyses using established firm models controlled by senior personnel, which are much more specific than the broader enumerated list of excluded public finance activities, would be examples of activities that would be categorized as excluded public finance activities under proposed new Supplementary Material .07 of MSRB Rule G-27.[37] The MSRB stated that it is intentionally leaving the definition of excluded public finance activities under proposed new Supplementary Material .07 as business model neutral, without listing an exhaustive list of activities that would qualify as excluded public finance activities, to account for the diversity in business models among dealers.[38]

Proposed new Supplementary Material .07 of MSRB Rule G-27 would also expressly state that the final approval of a public offering or private placement transaction would be

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35 See id.

36 See id.

37 See id.

38 See id.

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 MSRB Rule G-27(g)(i).[39] The MSRB stated that it recognizes that there are many individual supportive decisions made in the overall work to be done on a municipal securities public offering or private placement and, as a result, the MSRB is clarifying that it deems the final approval of a public offering or private placement transaction as constituting "structuring of public offerings or private placements."[40] The MSRB stated that such final approval of a public offering or private placement transaction should be conducted by a person in a principal-level capacity.[41]

The MSRB believes that proposed new Supplementary Material .06 and .07 of MSRB Rule G-27 would not alter the definition of OMSJ, but rather, would clarify that certain activities performed by municipal securities professionals in furtherance of the "structuring of a public offering or private placements" do not constitute structuring and therefore do not rise to the level of activities that need to take place at an OMSJ.[42] Furthermore, according to the MSRB, clarifying that the MSRB deems structuring as the final approval of a public offering or private placement transaction, means that dealers are better equipped, given varying business models, to evaluate their specific business model and make determinations as to where ultimate decision making and supervisory authority rest for purposes of designating such locations as an OMSJ.[43]

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[39] See id.

[40] See id.

[41] See id.

[42] See id.

[43] See id.

The MSRB notes that the phrase “final approval of a public offering or private placement transaction” in proposed new Supplementary Material .07 would reference 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.[44] According to the MSRB, it is not the MSRB’s intention for final approval to entail the act itself of executing a bond purchase agreement (which may occur at an issuer’s location or at some other location away from the offices of the dealer) or submitting a bid in response to a notice of sale.[45] Rather, according to the MSRB, this provision of the proposed rule change turns on dealers’ actions that ultimately leads to the formality of executing the bond purchase agreement or submitting a bid.[46] The MSRB stated that, while the proposed rule change takes a principles-based approach to the determination of what constitutes final approval of a public offering or private placement transaction, proposed new Supplementary Material .07 would require dealers to adopt compliance policies and procedures reasonably designed to make clear what action taken constitutes such final approval by the dealer.[47] Proposed new Supplementary Material .07 would also require dealers to take into consideration all relevant factors in determining what action taken constitutes final approval of a public offering or private placement transaction to ensure dealers’ supervisory systems are reasonably designed to achieve compliance with

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44 See id.

45 See id.

46 See id.

47 See id.

applicable securities laws and regulations, and with applicable MSRB rules.[48] The proposed rule change also prescribes that such compliance policies and procedures should support evidencing compliance to the appropriate examining authority.[49]

Rule Title Clarification

The proposed rule change would change the title of MSRB Rule G-27 from "Supervision" to "Supervisory and Compliance Obligations of Brokers, Dealers and Municipal Securities Dealers."[50] According to the MSRB, this non-substantive, technical change would clarify that MSRB Rule G-27 is applicable to dealers only, as well as standardize the title with MSRB Rule G-44, on Supervisory and Compliance Obligations of Municipal Advisors.[51]

III. Summary of Comments Received and the MSRB's Response

The Commission received four comment letters[52] on the proposed rule change, as well as a response from the MSRB to the comment letters.[53] Three commenters expressed support for the proposed rule change,[54] one commenter stated that it supports the goals proposed in the proposed rule change,[55] and no commenters objected to the proposed rule change.

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48 See id.

49 See Notice, 91 FR at 49463-64.

50 See Notice, 91 FR at 49464.

51 See id.

52 See SIFMA Letter; BMA Letter; NAMA Letter; ASA Letter.

53 See MSRB Letter.

54 See SIFMA Letter; BMA Letter; ASA Letter.

55 See NAMA Letter.

One commenter expressed support for extending the exclusion for non-primary residential locations from municipal branch office designation from 30 to 60 business days and the proposed definition of "structuring of public offerings or private placements" as used in the definition of an office of OMSJ under MSRB Rule G-27(g)(i).[56] The commenter also urged the MSRB to address additional items in future rulemakings, including express confirmation that drafting presentations and materials for issuer meetings and routine data gathering and document coordination qualify as "excluded public finance activities" under MSRB Rule G-27(g)(i).[57] In its response letter, the MSRB stated that the proposed rule change contains a non-exhaustive list of activities that could be considered excluded public finance activities and that, so long as the activities outlined by the commenter do not include final approval of a public offering or private placement transaction conducted by a dealer, such activities would normally fall within the proposed rule change's definition of excluded public finance activities.[58] The MSRB also stated that it did not create an exhaustive or definitive list of excluded public finance activities to account for the diversity in business models among dealers.[59]

One commenter stated that the proposed rule change is an important "first step" towards a larger overhaul of MSRB and FINRA supervision rules and believes that the proposed definition of "structuring of public offerings or private placements" provides clarity because firms have been inconsistent in their interpretations of that term.[60] The commenter also stated that location-

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56 See ASA Letter at 1-2.

57 See ASA Letter at 2.

58 See MSRB Letter at 1-2.

59 See MSRB Letter at 2.

60 See BMA Letter at 1-2.

based supervision regimes are obsolete because compliance tools can monitor traders' work no matter where they are physically located and would like to see the MSRB remove distinctions among various types of offices and locations, or rely on a centralized supervision model.[61]

One commenter believes that the proposed rule change will reduce "undue compliance burdens" and urges the MSRB to eliminate "all location-based concepts of supervision."[62] The commenter also stated that MSRB rules should be neutral as to business model and structure and urged FINRA to adopt similar changes to its supervision rules.[63]

One commenter stated that it "supports the goals proposed" in the proposed rule change and noted that the proposed rule change would create a framework for broker-dealer firms to supervise their dealer professionals in a manner more in line with the current workplace environment that is not always tethered to a physical firm office.[64] The commenter also stated that the definitions of "excluded public finance activities" and by inference "structuring" in the proposed rule change "need continued discussion, especially if they could have implications outside of Rule G-27, to avoid any potential conflicts with SEC regulations and other MSRB rules."[65] In its response letter, the MSRB stated that it does not believe that the proposed rule change would conflict with any SEC regulations or other MSRB rules because the applicability of MSRB Rule G-27 and the proposed rule change is limited to MSRB-registered dealers in the

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61 See id.

62 See SIFMA Letter at 1.

63 See SIFMA Letter at 2.

64 See NAMA Letter at 1.

65 See id.

context of their supervisory obligations and the commenter had not identified any rule or regulation that may conflict with the proposed rule change.[66] The MSRB further stated in its response letter that the terms in the proposed rule change are defined solely for purposes of MSRB Rule G-27,[67] which is not explicit in the proposed rule change. The Commission expects that if, in the future, the MSRB were to use the term "excluded public finance activities" in another rule, the MSRB would also need to amend Supplementary Material .07 of Rule G-27 or make other conforming changes to address the applicability of such definition.

The MSRB also stated that it "remains committed to considering additional opportunities to modernize MSRB Rule G-27" and that it believes that the proposed rule change would "support the competitiveness of the municipal securities market and provide greater workplace flexibility while maintaining appropriate supervisory requirements."[68]

IV. Discussion and Commission Findings

The Commission has carefully considered the proposed rule change. The Commission finds that the proposed rule change is consistent with the requirements of the Exchange Act and the rules and regulations thereunder applicable to the MSRB.

In particular, the Commission finds that the proposed rule change is consistent with the provisions of Section 15B(b)(2)(C) of the Exchange Act,[69] which provides that the MSRB's rules shall be designed to prevent fraudulent and manipulative acts and practices, to promote just and

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66 See MSRB Letter at 2.

67 See id. at 2.

68 See MSRB Letter at 3.

69 15 U.S.C. 78o-4(b)(2)(C).

equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in municipal securities and municipal financial products, to remove impediments to and perfect the mechanism of a free and open market in municipal securities and municipal financial products, and, in general, to protect investors, municipal entities, obligated persons, and the public interest. The Commission believes that the proposed rule change will promote just and equitable principles of trade because it provides context and clarity regarding the meaning of the previously undefined term "structuring of public offerings or private placements" which, according to the MSRB, has been interpreted inconsistently by dealers.[70] Clear guidance as to what work functions are included within the meaning of the term "structuring" for the municipal securities market will facilitate dealers' understanding and implementation of sound compliance policies and procedures when applying the principles of MSRB Rule G-27 to each dealer's business model.[71]

The Commission also believes that the proposed rule change will remove impediments to and perfect the mechanism of a free and open market in municipal securities and municipal financial products because it provides flexibility to firms implementing hybrid work models.[72] Allowing the additional flexibility of working remote from a non-primary residence for up to 90 business days per calendar year, and clarifying that excluded public finance activities can generally be conducted at a primary residence if the applicable conditions are met, in both cases

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[70] See Notice, 91 FR at 49464.

[71] See id.

[72] See Notice, 91 FR at 49464-65.

without triggering municipal branch office designation, would remove an impediment to dealers and their municipal securities professionals by allowing dealers more flexibility to craft hybrid work models that reflect their own individual risk factors and technological capabilities.[73]

Although the proposed rule change would result in a move away from harmonization with FINRA Rule 3110, the Commission believes that the particular nature of the municipal securities market outweighs the benefit of rule harmonization.[74] As noted by the MSRB, the broad geographic dispersion of municipal issuers across all 50 states, the District of Columbia, and U.S. territories creates challenges for dealers in the municipal market, compared to other securities markets, to effectively engage with prospective issuer clients and service existing issuer clients.[75] Resultingly, many dealers choose to have public finance bankers operate in a much more geographically dispersed manner – with many operating as a single-person OMSJ – as compared to other segments of their securities activities so as to meet the needs of their municipal clients.[76] Therefore, the Commission believes that extending the length of the exclusion for non-primary residences from municipal branch office designation and defining the term "structuring of public offerings or private placements" provides ample benefits to dealers that are particular to the municipal securities market and outweigh any potential costs of reduced harmonization with FINRA Rule 3110.

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73 See id.

74 See Notice, 91 FR at 49464.

75 See id.

76 See id.

The Commission also finds that the proposed rule change is consistent with the provisions of Section 15B(b)(2)(C) of the Exchange Act,[77] which requires that MSRB rules not be designed to impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act. The Commission finds that the proposed rule change would not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Exchange Act because the proposed rule change applies equally to *all* dealers.[78]

In approving the proposed rule change, the Commission has also considered the proposed rule change's impact on efficiency, competition, and capital formation under Section 3(f) of the Exchange Act.[79] The Commission finds that the record for the proposed rule change does not contain any information to indicate that the proposed rule change would have a negative impact on efficiency, competition, or capital formation.[80] In fact, the proposed rule change could promote market efficiency and capital formation by providing clarity on the interpretation of the previously undefined term "structuring of public offerings or private placements" and providing dealers with greater flexibility in achieving the regulatory obligations outlined in MSRB Rule G-27.[81]

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77 15 U.S.C. 78o-4(b)(2)(C).

78 See Notice, 91 FR at 49465.

79 See 15 U.S.C. 78c(f).

80 See 15 U.S.C. 78c(f).

81 See Notice, 91 FR at 49466.

For the reasons noted above, the Commission finds that the proposed rule change is consistent with the Exchange Act.

V. Conclusion

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Exchange Act,[82] that the proposed rule change (SR-MSRB-2026-04) be, and hereby is, approved.

For the Commission, by the Office of Municipal Securities, pursuant to delegated authority.[83]

Sherry R. Haywood,

Assistant Secretary.

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[82] 15 U.S.C. 78s(b)(2).

[83] 17 CFR 200.30-3a(a)(2).