

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input style="width: 40px;" type="text" value="5"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input style="width: 40px;" type="text" value="2012"/> - * <input style="width: 40px;" type="text" value="04"/> Amendment No. (req. for Amendments *) <input style="width: 40px;" type="text" value="1"/>
Proposed Rule Change by <input style="width: 100%;" type="text" value="Municipal Securities Rulemaking Board"/> Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934		
Initial * <input type="checkbox"/>	Amendment * <input checked="" type="checkbox"/>	Withdrawal <input type="checkbox"/>
Section 19(b)(2) * <input checked="" type="checkbox"/>		
Section 19(b)(3)(A) * <input type="checkbox"/>		
Section 19(b)(3)(B) * <input type="checkbox"/>		
Rule		
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input style="width: 80px;" type="text"/>
<input type="checkbox"/> 19b-4(f)(1) <input type="checkbox"/> 19b-4(f)(4) <input type="checkbox"/> 19b-4(f)(2) <input type="checkbox"/> 19b-4(f)(5) <input type="checkbox"/> 19b-4(f)(3) <input type="checkbox"/> 19b-4(f)(6)		
Exhibit 2 Sent As Paper Document <input type="checkbox"/>		
Exhibit 3 Sent As Paper Document <input type="checkbox"/>		
Description Provide a brief description of the proposed rule change (limit 250 characters, required when Initial is checked *). <div style="border: 1px solid black; height: 40px; width: 100%; margin-top: 5px;"></div>		
Contact Information Provide the name, telephone number and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the proposed rule change.		
First Name * <input style="width: 200px;" type="text" value="Margaret"/>	Last Name * <input style="width: 200px;" type="text" value="Henry"/>	
Title * <input style="width: 500px;" type="text" value="General Counsel, Market Regulation"/>		
E-mail * <input style="width: 500px;" type="text" value="phenry@msrb.org"/>		
Telephone * <input style="width: 100px;" type="text" value="(703) 797-6600"/>	Fax	<input style="width: 100px;" type="text" value="(703) 797-6700"/>
Signature Pursuant to the requirements of the Securities Exchange Act of 1934, Municipal Securities Rulemaking Board has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized officer.		
Date <input style="width: 100px;" type="text" value="05/03/2012"/>		
By <input style="width: 200px;" type="text" value="Ronald W. Smith"/>	<input style="width: 300px;" type="text" value="Corporate Secretary"/>	
(Name *)	(Title *)	
NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.		
<input style="background-color: #cccccc; border: none; padding: 5px 20px;" type="button" value="Ronald Smith, rsmith@msrb.org"/>		

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information (required)

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

Exhibit 1 - Notice of Proposed Rule Change (required)

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

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

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Exhibit Sent As Paper Document

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

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

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

Exhibit 4 - Marked Copies

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

Exhibit 5 - Proposed Rule Text

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

Partial Amendment

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

The Municipal Securities Rulemaking Board (“MSRB”) is filing this partial amendment (“Amendment No. 1”) to File No. SR-MSRB-2012-04, originally filed with the Securities and Exchange Commission (the “Commission”) on March 5, 2012, with respect to a proposed rule change concerning broker’s brokers (the “original proposed rule change” and, together with Amendment No. 1, the “proposed rule change”).

The original proposed rule change consists of (i) proposed MSRB Rule G-43 governing the municipal securities activities of broker’s brokers and certain alternative trading systems (“Proposed Rule G-43”), (ii) proposed amendments to MSRB Rule G-8 (on recordkeeping by broker’s brokers and certain alternative trading systems), MSRB Rule G-9 (on record retention), and MSRB Rule G-18 (on agency trades and trades by broker’s brokers) (collectively, the “Proposed Amendments”); and (iii) a proposed interpretive notice on the duties of brokers, dealers, and municipal securities dealers (“dealers”) that use the services of broker’s brokers (the “Proposed Notice”).

The MSRB submitted the original proposed rule change due to the important role that broker’s brokers play in the provision of secondary market liquidity for retail investors in municipal securities, the nature of the enforcement actions brought against broker’s brokers by the Commission and the Financial Industry Regulatory Authority, and the observations of those enforcement agencies of other trading patterns that indicate some market participants may misuse the role of the broker’s broker in the provision of secondary market liquidity and may cause retail customers who liquidate their municipal securities by means of broker’s brokers to receive unfair prices.

Amendment No. 1 would partially amend the text of the original proposed rule change to clarify that (i) Proposed Rule G-43(c)(i)(N) would only prohibit a broker’s broker from accepting a new bid or a changed bid from a bidder in a bid-wanted after the broker’s broker had notified that same bidder whether its bid was the high bid (“being used”) in the same bid-wanted; and (ii) a municipal security would be considered “traded” through a broker’s broker within the meaning of Proposed Rule G-43(d)(iv) when it has been purchased by the broker’s broker from the seller and sold to the bidder by the broker’s broker, as an intermediary. The MSRB has separately filed a comment letter with the Commission in which it discusses the responses to comment letters received by the Commission in response to the notice for comment on the original proposed rule change published in the Federal Register.¹

The MSRB is proposing the revision to the original proposed rule change set forth in clause (i) of the description of Amendment No. 1 above, because the text of Proposed Rule G-43(c)(i)(N) might otherwise be read to prohibit new or changed bids from any bidders after another bidder had been informed of whether its bid was being used in a bid-wanted, which was not the MSRB’s intent.

¹ See Exchange Act Release No. 66625 (March 20, 2012), 77 FR 17548 (March 26, 2012).

The MSRB is proposing the revision to the original proposed rule change set forth in clause (ii) of the description of Amendment No. 1 above to provide clarity on what is meant by a “trade” in the context of a broker’s broker. Because a broker’s broker is an intermediary and would be prohibited by Proposed Rule G-43(c)(i)(H) from engaging in proprietary trading, a trade through a broker’s broker would have two sides: a purchase from the seller and a sale to the bidder. The term “trade” would be used in Proposed Rule G-43(d)(iv), which would define when a bid-wanted is considered “completed.” This characterization of a trade for purposes of Proposed Rule G-43 does not affect how trades are to be treated under any other MSRB rule, including but not limited to Rule G-14 on reports of sales or purchases.

The MSRB requests that the Commission find good cause, pursuant to Section 19(b)(2) of the Act, for approving Amendment No. 1 prior to the thirtieth day after publication of notice of filing of Amendment No. 1 in the Federal Register. The MSRB believes that the Commission has good cause for granting accelerated approval of the proposed rule change because the revisions made by Amendment No. 1 are technical amendments that do not significantly alter the substance of the original proposed rule change, are consistent with the purpose of the original proposed rule change, and do not raise significant new issues. The MSRB requests that the proposed rule change be made effective six months after approval by the Commission.

Amendment to Text of Original Proposed Rule Change

The changes made by Amendment No. 1 are indicated below:²

Rule G-43: Broker’s Brokers

(a) - (b) No change.

(c) *Policies and Procedures.*

(i) A broker’s broker must adopt and comply with policies and procedures pertaining to the operation of bid-wanted and offerings for municipal securities, which at a minimum:

(A) - (M) No change.

(N) prohibit a broker’s broker from accepting a changed bid or a new bid **from a bidder** in the same bid-wanted after the broker’s broker has selectively informed [a] **that** bidder whether its bid is the high bid (“being used”) in the bid-wanted;

² Underlining indicates additions made by the Amendment to the original proposed rule change; brackets indicate deletions made by the Amendment from the original proposed rule change.

(c)(i)(O) - (ii) No change.

(d) *Definitions.*

(i)-(ix) No change.

(x) For purposes of Rule G-43 only, a security will be considered to have “traded” through a broker’s broker when it has been purchased by the broker’s broker from the seller and sold to the bidder by the broker’s broker, as an intermediary.