

Client Alert

Current Issues Relevant to Our Clients

August 22, 2013

MSRB Proposes Consolidated Dealer and Advisor Registration Requirements

The Municipal Securities Rulemaking Board (the “MSRB”) recently requested comment on proposed rule changes that would consolidate the registration requirements of brokers, dealers, municipal securities dealers and municipal advisors (“regulated entities”) into a single rule. The proposed rule would keep in place many of the existing registration requirements but would consolidate current MSRB Rules A-12, A-14, A-15 and G-40 into a revised MSRB Rule A-12 and create a consolidated electronic registration form, MSRB Form A-12, that would replace current MSRB Forms RTRS and G-40. The MSRB notice is available [here](#).

Existing Rules

Several different rules currently govern MSRB registration-related requirements. Current Rule A-12 sets forth the initial fee and basic filing requirements, Rule A-14 sets forth annual fee requirements, Rule A-15 governs notification of changes in registration status and identifying information and Rule G-40 requires regulated entities to satisfy certain email contact requirements. In addition, regulated entities must use two different forms to register with the MSRB and provide updated information (Form RTRS) and to provide email contact information (Form G-40).

The MSRB proposal would eliminate Rules A-14, A-15 and G-40 in favor of a single revised Rule A-12 and would eliminate Forms RTRS and G-40 in favor of a single Form A-12. The changes would also modify Rule G-14 to accommodate these rule and form changes. The MSRB intends that this consolidation will delineate the MSRB registration requirements and process succinctly and clearly in one location and will also resolve certain other regulatory issues not fully addressed by existing rules.

Proposed Changes

Similar to the existing rules, proposed Rule A-12 would require regulated entities to register with the MSRB prior to engaging in any municipal securities or municipal advisory activities. Before registering with MSRB, regulated entities would be required to register with the Securities and Exchange Commission (the “SEC”) and notify the Financial Industry Regulatory Authority (“FINRA”) or the appropriate bank regulator, as applicable. To register with the MSRB, regulated entities would complete new Form A-12 and pay the initial (\$100) and annual (\$500) registration fees. All information previously collected on

MSRB Forms RTRS and G-40 would be collected on new MSRB Form A-12.

New Contact Information. Revised Rule A-12 would require a registrant to provide contact information for a primary regulatory contact, optional regulatory contact, master account administrator, billing contact, compliance contact, data quality contact, and optional technical contact. This replaces the current requirement to provide only a primary email contact. The primary regulatory contact would assume the responsibilities previously held by the primary email contact.

Use of Registration Status in Advertising. Proposed Rule A-12 provides that a registered entity is permitted to use “MSRB registered” in advertising.

Fees. Revised Rule A-12 would not change the amounts of the initial registration or annual registration fees and would keep in place the requirement that the annual fee be paid by October 31 of each year. One fee-related change for new registrants would be that entities that register in September and pay their annual fee at the time of registration would be exempt from the annual fee for the following fiscal year.

Annual Affirmation and Ongoing Updates. Revised Rule A-12 would require regulated entities to review, update and affirm the information provided on new Form A-12 during the first seventeen days of each calendar year. Regulated entities would also be required to update their Form A-12 if information becomes inaccurate or the entity ceases to be engaged in municipal securities or municipal advisory activities.

Submitting Comments

You may submit comments on the proposed rule changes by submitting a hard copy or by submitting comments electronically [here](#). You may submit comments on the proposed rule through September 20, 2013.

For More Information

To discuss any topic covered in this Client Alert, please contact an attorney in our Investment Management Group or visit us online at chapman.com.

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