

2023-11

**Publication Date**  
December 4, 2023

**Stakeholders**  
Municipal Securities  
Dealers, Municipal  
Advisors, General Public

**Notice Type**  
Request for Information

**Comment Deadline**  
February 26, 2024

**Category**  
Fair Practice; Uniform  
Practice; Market  
Transparency;  
Administration

## Request for Information on Impacts of MSRB Rules on Small Firms

### Overview

The Municipal Securities Rulemaking Board (“MSRB”) serves as the principal regulator of the municipal securities market and is charged with the protection of investors, municipal entities, obligated persons, and the public interest. The MSRB carries out this charge primarily through the regulation of brokers, dealers, and municipal securities dealers (“dealers”) and municipal advisors (collectively with dealers, “regulated entities”). As a self-regulatory organization (SRO), the MSRB’s board of directors is composed of members who bring a range of perspectives and experiences to the work of regulating the municipal securities market, and the MSRB seeks to further engage with stakeholders and market participants to broaden its understanding of areas where action may be needed and of the potential impacts – positive or negative – of its rulemaking activities. The MSRB recognizes the important role that the varied perspectives municipal market participants contribute to achieving better regulatory and market outcomes, particularly in regard to the impact of MSRB rulemaking.

In this vein, the MSRB is issuing this Request for Information (“RFI”) to solicit public input on any aspects of its rules, or the absence thereof, that may result in undue regulatory, compliance, operational or administrative burdens or other negative unintended impacts on smaller regulated entities. The MSRB has determined to seek input specifically targeting the experiences of smaller regulated entities due to a convergence of factors described in greater detail below. This RFI does not propose any specific rulemaking, and responders to this RFI should not feel constrained to limit their input solely on existing MSRB rules. For example, the MSRB welcomes information on market practices, or the differing nature of smaller regulated entities as compared to mid-sized or larger regulated entities that could have an impact on the regulatory or market transparency activities of the MSRB. In framing their input, however, responders should keep in mind that the MSRB’s authority is limited to the regulation of regulated entities and the operation of municipal market transparency systems.



Receive emails about  
MSRB Notices.

Thus, this RFI should not be construed as a determination by the MSRB to adopt, amend, delete, or consolidate any of its rules or guidance. Instead, the input provided to the questions below will be considered by the MSRB to inform its broader on-going rulemaking activities. Any distinct initiatives arising specifically from feedback to this RFI would be subject to the MSRB's established rulemaking process and interpretive guidance process, which normally entails the publication of a request for comment to solicit public input on such specific proposal before filing it with the Securities and Exchange Commission.<sup>1</sup>

Responses to this RFI should be submitted no later than February 26, 2024, and may be submitted by [clicking here](#) or in paper form. Information submitted in paper form should be sent to Ronald W. Smith, Corporate Secretary, Municipal Securities Rulemaking Board, 1300 I Street NW, Suite 1000, Washington, DC 20005. All responses will be available for public inspection on the MSRB's website.<sup>2</sup>

## Background

As noted above, the MSRB has determined to seek input specifically targeting the experiences of smaller regulated entities due in large measure to feedback it has received through outreach activities with market participants and comments received from regulated entities in response to recent regulatory initiatives. Members of the MSRB's board of directors and staff frequently participate in municipal market events around the country and engage regularly with regulated entities, industry trade associations, investor representatives and other stakeholder groups to better understand issues and concerns in the market. During recent outreach initiatives, the MSRB was encouraged to consider the potentially undue burdens or unintended negative impacts its rules may have on smaller regulated entities. For example, during roundtable discussions with representatives from minority- and women-owned business enterprises (MWBE) and veteran-owned small business (VOSB) firms, the MSRB heard that many – although by no means all – of the challenges they experienced were more specific to their status as

---

<sup>1</sup> See [MSRB Rulemaking Process \(Jan. 2023\)](#).

<sup>2</sup> Responses generally are posted on the MSRB's website without change. Personal identifying information such as name, address, telephone number or email address will not be edited from submissions. Therefore, responders should submit only information that they wish to make available publicly.

small firms, rather than their status as an MWBE and/or VOSB firm.<sup>3</sup> The MSRB also was encouraged through other recent stakeholder engagements to evaluate whether there were compliance or educational resources the MSRB could produce tailored to small firms. Due in large measure to feedback received through these outreach activities, the MSRB established staff contacts to better serve the unique needs and challenges of smaller regulated entities tasked with answering questions and hearing concerns and suggestions from small firms.

In addition, over the course of recent years, some commenters on several MSRB requests for comment on potential rulemaking initiatives have highlighted various ways in which the draft proposals could have differing impacts on smaller firms.<sup>4</sup> Based on this recent collective feedback, the MSRB would like to hear from all interested parties on any specific rule or rules that may result in undue regulatory, compliance, operational or administrative burdens or other negative unintended impacts on smaller regulated entities. This feedback will aid the MSRB as it continues its multi-year undertaking to review the MSRB Rule Book and historical body of interpretive guidance and reduce unnecessary costs and burdens for regulated entities while still meeting our regulatory obligation to protect investors, municipal entities and obligated persons.

Finally, under the MSRB's statutory mandate in Section 15B of the Securities Exchange Act of 1934 (the "Exchange Act"),<sup>5</sup> MSRB rules may not impose any burden on competition that is not necessary or appropriate in furtherance of

---

<sup>3</sup> While this RFI is intended to assist the MSRB in gaining a greater understanding of issues arising from such small firm status, the MSRB recognizes that the remaining challenges not fully attributable to being a small firm that were identified during the course of these roundtables and related outreach activities merit further engagement on the part of the MSRB.

<sup>4</sup> See, e.g., comments received in response to [MSRB Notice 2022-13, Request for Comment on Draft Amendments to Create an Exemption for Municipal Advisor Representatives from Requalification by Examination](#) (Dec. 1, 2022); [MSRB Notice 2022-07, Request for Comment on Transaction Reporting Obligations under MSRB Rule G-14](#) (Aug. 2, 2022); [MSRB Notice 2021-18, Second Request for Comment on Fair Dealing Solicitor Municipal Advisor Obligations and New Draft Rule G-46](#) (Dec. 15, 2021); [MSRB Notice 2021-12, Request for Input on Draft Compliance Resources for Dealers and Municipal Advisors Concerning New Issue Pricing](#) (Oct. 5, 2021); [MSRB Notice 2021-08, Request for Comment on Amendments to Rule G-10 Notification Requirements for Dealers](#) (May 14, 2021). In many of these Requests for Comment, the MSRB explicitly addressed issues relating to, or sought comment from, smaller regulated entities.

<sup>5</sup> 15 U.S.C. 78s(b)(1).

the purposes of the Exchange Act<sup>6</sup> and also may not impose a regulatory burden on small municipal advisors that is not necessary or appropriate in the public interest and for the protection of investors, municipal entities, and obligated persons.<sup>7</sup> The MSRB seeks input regarding any of its rules or other activities, in light of these statutory provisions, that may result in unintended regulatory, compliance, operational or administrative burdens or other negative unintended impacts on smaller regulated entities, giving due regard to the further statutory mandate that the MSRB's rules must be designed to prevent fraudulent and manipulative practices, promote fair and equitable principles of trade, foster a free and open market in municipal securities and municipal financial products, and, importantly, protect investors, municipal entities, obligated persons, and the public interest.<sup>8</sup>

## Request for Information

The MSRB seeks input from different-sized firms, particularly smaller regulated entities, and from other market participants on the following questions. Responders are invited to respond to any or all of the following questions and to provide additional input on how the MSRB can address, within the scope of its statutory authority, any undue burdens or unintended negative impacts its rules or other activities may have on smaller regulated entities.

To assist the MSRB in its review and to the extent possible, please provide data or evidence to support your views along with any other information you believe would be useful to the MSRB. Responders should clearly identify which rules, interpretive guidance or other MSRB activity they are referring to when answering each question.

1. What factors make a regulated entity a small, mid-sized or large regulated entity: revenue; level of business activity; number of associated persons; type of regulated entity; or other factors?
2. What, if any, MSRB rules or other MSRB activity, and what market practices impacted by MSRB rules or activities, have an unintended negative impact on or unfairly burden smaller regulated entities?

---

<sup>6</sup> Section 15B(b)(2)(C) of the Exchange Act; 15 U.S.C. 78o-4(b)(2)(C).

<sup>7</sup> Section 15B(b)(2)(L)(iv) of the Exchange Act; 15 U.S.C. 78o-4(b)(2)(L)(iv).

<sup>8</sup> Section 15B(b)(2)(C) of the Exchange Act; 15 U.S.C. 78o-4(b)(2)(C).

3. What, if any, MSRB rules impede or limit small, regulated entities' participation in the municipal securities market?
4. Are there circumstances where the application of an MSRB rule has led to an unintended disproportionate impact on the growth of smaller regulated entities?
5. Are there circumstances where the application of an MSRB rule has led to an unintended disproportionate impact on the ability of smaller regulated entities to obtain or retain talent?
6. Are there circumstances where the application of an MSRB rule has required smaller regulated entities to spend resources or retain the services of third-party vendors at costs that have a disproportionate impact on smaller regulated entities?
7. What, if any, MSRB rules would benefit from a different or tiered approach to regulation or interpretations, according to size, that would support greater efficiency without the loss of investor, municipal entity or obligated person protection?
8. Are there changes that could be made to MSRB rules to provide meaningful and appropriate exceptions based on regulated entities' sizes?
9. Are there changes the MSRB can make to any of its own processes that could address specific challenges faced by smaller regulated entities?
10. Are there compliance resources or guidance the MSRB could produce that would be useful if tailored for different-sized regulated entities?
11. Are there any MSRB rules that have an unintended negative impact on or unfairly burden mid-sized and/or large firms, or do any of the questions posed above with respect to smaller regulated entities give rise to concerns about unintended negative impact or unfair burdens on mid-sized and/or large firms?

Questions about this RFI should be directed to the MSRB's small firm contact, Carol Converso, Director, Market Practice, at 202-838-1500.

December 4, 2023