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Stakeholders

Bank Dealers, Investors,
General Public

Notice Type

Request for Comment

Comment Deadline

August 5, 2024

Category

Administration,
Registration, Professional
Qualification

Affected Rules

[Rule G-7](#), [Rule A-12](#)

Request for Comment on Gathering and Display of Bank Dealer Associated Persons' Registration and Qualification Information

Overview

The Municipal Securities Rulemaking Board (“MSRB”) is issuing this Request for Comment (“RFC”) to solicit input on draft amendments to MSRB Rule A-12, on registration, and Form A-12 that would create new reporting requirements for bank dealers, including reporting information about the municipal securities registration and municipal securities-related examination qualification status of bank dealer associated persons.¹ This RFC is intended to elicit views and input, including on the burdens and benefits of, and possible alternatives to gathering this information about associated persons of bank dealers using MSRB Form A-12 and, at a later date, potentially making this information publicly available on the MSRB’s website at msrb.org. The MSRB also seeks comment on a draft technical amendment to Rule A-12, Supplementary Material .02, to add an additional notification requirement for FINRA-member municipal advisor-only firms that subsequently add a new business line for municipal securities activities, in keeping with a similar requirement for brokers, dealers and municipal securities dealers.

The MSRB invites market participants and the public to submit comments in response to this request, along with any other information they believe would assist the MSRB. Comments may be submitted no later than August 5, 2024, and [may be submitted by clicking here](#) or in paper form. Comments submitted in paper form should be sent to Ronald W. Smith, Corporate Secretary, Municipal Securities Rulemaking Board, 1300 I Street



Receive emails about
MSRB Notices.

¹ MSRB Form A-12 is the MSRB’s electronic registration form. Each broker, dealer, municipal securities dealer and municipal advisor must provide the information required by Form A-12 in the manner set forth in the [MSRB Registration Manual](#). See [MSRB Rule A-12\(j\)](#).

NW, Suite 1000, Washington, DC 20005. All comments will be available for public inspection on the MSRB's website.²

Background

Banks that engage in municipal securities activities within the bank itself, or within a separately identifiable department or division of a bank within the meaning of [MSRB Rule G-1](#), are required to register with the U.S. Securities and Exchange Commission ("Commission") as municipal securities dealers under Section 15B(a) of the Securities Exchange Act of 1934 (the "Exchange Act") and are defined in [MSRB Rule D-8](#) as "bank dealers." Examination and enforcement authority for MSRB rules for these bank dealers is vested mainly with banking regulators, including The Board of Governors of the Federal Reserve System (FRB), the Federal Deposit Insurance Corporation (FDIC) and the Office of the Comptroller of the Currency (OCC) (collectively, "banking regulators").³ Presently, there are 18 bank dealers registered as municipal securities dealers with the Commission and the MSRB.⁴

Current Rule Requirements

Currently, to comply with [MSRB Rule G-7](#), on information concerning associated persons, bank dealers are required to register their associated persons using [Form MSD-4](#), "Uniform Application for Municipal Securities Principal or Municipal Securities Representative Associated with a Bank Municipal Securities Dealer," with banking regulators. Bank dealers use [Form MSD-5](#), "Uniform Termination Notice for Municipal Securities Principal or Municipal Securities Representative Associated with a Bank Municipal

² Comments 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, commenters should submit only information they wish to make publicly available.

³ Pursuant to Section 15B(c)(7) of the Exchange Act, municipal securities brokers and municipal securities dealers who are not members of a registered securities association shall be examined by their appropriate regulatory agency. The term "appropriate regulatory agency" when used with respect to municipal securities dealers (that is, bank dealers) means, in part, the OCC, FRB, and the FDIC. See Section 3(a)(34)(A) of the Exchange Act. The Commission has the authority to examine all brokers, dealers and municipal securities dealers at any time. See Section 17(b)(1) of the Exchange Act.

⁴ Many banks also have affiliated broker-dealer firms that are registered with the Commission as broker-dealers that are members of the Financial Industry Regulatory Authority ("FINRA"). As such, these firms are subject to examination and enforcement action mainly by FINRA.

Securities Dealer” when an associated person’s employment is terminated for any reason, and include the date and the reason for such termination. The MSRB, however, does not gather or have direct access to these forms, or have other direct access to this information about associated persons of bank dealers. Furthermore, such information is not available publicly through any source.⁵ In comparison, broker-dealer firms are required to file Forms U4 and U5 with FINRA.⁶ These forms contain registration, examination qualifications and other information about their associated persons, and FINRA makes such information publicly available through its Central Registration Depository® (CRD®) and BrokerCheck®. Similarly, the MSRB gathers and makes publicly available on [msrb.org](https://www.msrb.org) information about associated persons of municipal advisor firms, including registration and examination qualifications status for these persons.⁷

Lack of Information Access

Presently, the MSRB has limited access to information about associated persons of bank dealers as Forms MSD-4 and MSD-5 are filed solely with banking regulators.⁸ The MSRB believes that gathering this information about associated persons of bank dealers would fill in an information gap for the MSRB about these bank dealer representatives and aid the MSRB in understanding the evolving scope of bank dealer activities for rulemaking purposes. In addition, the MSRB has heard from other regulatory authorities that this information would aid in their examination activities by providing a single, easily accessible location for this registration and qualification

⁵ While the MSRB has access to qualification status of any individual persons who have taken a municipal securities qualification examination prescribed by the MSRB, the MSRB is not presently able to independently link each bank dealer associated person with the bank dealer with which the individual is associated and/or the associated person’s municipal securities-related examination qualification(s).

⁶ Form U4 is titled “Uniform Application for Securities Industry Registration or Transfer,” and Form U5 is titled “Uniform Termination Notice for Securities Industry Registration” for broker-dealer representatives, investment adviser representatives or securities issuers. Firms must use these forms for each representative to file the initial registration, registration amendments or termination from registration with FINRA or other appropriate jurisdiction. Broker-dealer firms file these forms electronically using FINRA’s CRD® for their representatives. See [General Instructions for Form U4](#) and [General Instructions for Form U5](#).

⁷ See “MSRB-Registered Municipal Advisor Firms and Qualified Representatives and Principals” at <https://www.msrb.org/Municipal-Advisors>.

⁸ Banking regulators provide copies of these forms to the Commission upon request pursuant to procedures established between the regulatory agencies. See Section 10 of Instructions for Completing and Filing Form MSD-4.

information about these market participants. Finally, the MSRB has also heard from bank dealers that the dearth of public information about registration and qualification status of bank dealers' associated persons may make certain bank dealers less competitive, due to the inability to quickly and easily prove the registration and qualification status of their associated persons to potential clients, including, *e.g.*, municipal entity clients during the request for proposal process who require confirmation of the registration and qualification status of associated persons of bank dealers to meet their ongoing due diligence obligations. Finally, the MSRB believes that a publicly accessible location for information about associated persons of bank dealers is a missing transparency element for the municipal securities industry as information about bank dealers' associated persons is publicly unavailable at present.

Summary of Rule A-12 and Form A-12 Changes

Gathering of Information About Associated Persons of Bank Dealers

In order to gather this information about the associated persons of bank dealers, the MSRB is seeking comment about whether it should amend Form A-12 to require bank dealers to provide the following information about each of their associated persons: name of the associated person, name of the associated bank dealer firm, state or U.S. territory location, and the associated person's municipal securities-related examination qualification(s).⁹ Under the draft amendments, a bank dealer would initially be required to upload a .csv formatted file containing the above information with its initial Form A-12.¹⁰

The MSRB is also seeking comment about the appropriate timing for requiring amendments to this information about the associated persons of bank dealers. Specifically, current Rule A-12(l) would require bank dealers to

⁹ This information is already maintained as a record by bank dealers pursuant to MSRB Rule G-7(f), which, among other things, requires bank dealers to maintain and preserve a record of the name and residential address of each associated person, designated by the category of job function they perform and their municipal securities-related examination qualifications until at least three years after the associated person's employment or other association has ended.

¹⁰ The requirement to use MSRB Form A-12 to register with the MSRB is set forth in [Rule A-12\(j\)](#), which states in part that Form A-12 must be completed prior to registration with the MSRB in a designated electronic format and in the manner set forth in the [MSRB Registration Manual](#). Any changes to Form A-12 would be detailed within the form itself and the MSRB Registration Manual.

affirm or amend this Form A-12 information by January 31 of each year. In addition, current Rule A-12(k) would require bank dealers to update Form A-12 within 30 days, if any information therein becomes inaccurate. The addition of a new associated person or the termination of an existing associated person could be information that would be subject to updating within 30 days, under the current rule language. The MSRB is seeking comment on whether to retain these two timeframes for purposes of this information about the associated persons of bank dealers, or whether the MSRB should instead only require amendments once annually during the Form A-12 Annual Affirmation Period,¹¹ more frequently, within 30 days of the information becoming inaccurate consistent with the existing Rule A-12(k) requirement for other amendments to Form A-12, or within another timeframe, such as quarterly.

Display of Information About Associated Persons of Bank Dealers

Once the MSRB gathers this information about the associated persons of bank dealers, at a future date the MSRB would expect to display such information publicly on msrb.org in a format similar to the MSRB's current display of information about associated persons of municipal advisors. A banner on the webpage would indicate the date or current status of displayed information, *e.g.*, if updates are annual only, a banner announcing this fact would be included on the webpage. The MSRB is seeking comment about the usefulness and timing of the display of this information collected about associated persons of bank dealers on msrb.org.

Rule A-12 Draft Technical Amendment

Finally, the MSRB is seeking comment about a draft technical amendment to Supplementary Material (SM) .02 of Rule A-12, which would add a notification requirement for any broker, dealer or municipal securities dealer that may have initially registered with the MSRB under Rule A-12(a) with the intent of only undertaking municipal advisory activities (and not municipal securities activities) and therefore provided the applicable notice to FINRA or the appropriate regulatory agency, as applicable, of its intent to engage only in municipal advisory activities pursuant to Rule A-12(a)(ii). If such broker, dealer or municipal securities dealer subsequently amends its registration status with the MSRB to add a new business line to engage in municipal securities activities, notice of such firm's intent to engage in municipal securities activities would be required to be provided to FINRA or the

¹¹ [Rule A-12\(l\)](#) requires an annual affirmation of the information filed on Form A-12 during the Annual Affirmation Period that begins on January 1st and ends on January 31st each year.

appropriate regulatory agency, as applicable. This potential change would mirror an existing obligation for a broker, dealer or municipal securities dealer that initially registered with the MSRB as engaging only in municipal securities activities to provide notice when it adds municipal advisory work as a new business line.

Preliminary Economic Analysis

Section 15B(b)(2)(C) of the Exchange Act requires that MSRB rules be designed not to impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Exchange Act. The MSRB has historically carefully considered the costs and benefits of new and amended rules. Accordingly, the MSRB's policy states that, prior to proceeding with rulemaking the MSRB should evaluate the need for the potential rule change and determine whether the rule change as drafted would, in its judgment, meet that need.¹² The MSRB does not believe the draft amendments would result in any burden on competition that is not necessary or appropriate in accordance with the purposes of the Exchange Act. The MSRB seeks comments on the economic effects of amending Rule A-12 and Form A-12 on registration for bank dealers.

A. The Need for the Draft Amendments to Rule A-12 and Form A-12

Form A-12 under Rule A-12 was first launched by the MSRB in 2014 and was the result of the consolidation of multiple rules relating to regulated entities registering with the MSRB. The rule also added new requirements to provide additional contact and firm identification information, as well as data concerning the scope of dealer activities. The MSRB engaged in this process with the goal to "succinctly and clearly"¹³ establish the rules and process for the registration of regulated entities. In the decade since the creation of Form A-12, the MSRB has made multiple changes. The draft amendments to Rule A-12 and Form A-12 are intended to improve regulatory clarity and transparency regarding the information concerning bank dealer associated persons found in Forms MSD-4 and MSD-5.

In particular, the draft amendments to the rule and form would require bank dealers to provide information about associated persons on Form A-12. The need arises because the MSRB presently does not have access to information pertaining to bank dealer associated persons. Currently, the information

¹² See MSRB's "[Policy on the Use of Economic Analysis in MSRB Rulemaking](#)."

¹³ See [MSRB Notice 2013-19](#) (August 19, 2013).

collected on Forms MSD-4 and MSD-5 is collected by the three banking regulators, of which only the OCC maintains an electronic database. Maintaining one form that is managed by three separate and independent regulatory bodies has resulted in a lack of clarity regarding the accuracy and reliability of available information. The draft amendments would fulfill three separate needs. First, the draft amendments would help the MSRB in its understanding of the evolving nature of bank dealers and better tailor future rulemaking. Second, the draft amendments would provide a centralized location to aid other regulatory authorities during examination. Third, the draft amendments would provide a publicly available qualification database eventually, similar to the one currently available on msrb.org for the Series 50 and Series 54-qualified municipal advisors, that could be utilized by municipal entity clients during the request for proposal process for bank dealers.

B. Relevant baselines against which the likely economic impact of the draft amendments can be considered

To evaluate the potential impact of the draft amendments, a baseline or baselines must be established as a point of reference to compare the expected state with current Rule A-12 and Form A-12. The economic impact of the draft changes is generally viewed as the difference between the baseline state and the expected state. For the purposes of this RFC, the baseline is the current Rule A-12 and Form A-12 requirements which do not contain any provision for the gathering and display of information about associated persons of bank dealers.

C. Identifying and evaluating reasonable alternative regulatory approaches

The MSRB policy on economic analysis in rulemaking addresses the need to consider reasonable potential alternative regulatory approaches, when applicable. Under this policy, only reasonable regulatory alternatives should be considered and evaluated.

One alternative the MSRB considered was to directly gather Form MSD-4 and Form MSD-5 from the bank dealers. This alternative would require the MSRB to amend Rule G-7, on information concerning associated persons, to change section (b) of the rule¹⁴ by requiring a bank dealer to send the Forms MSD-4 or MSD-5 to the MSRB directly at the same time they provide these forms to

¹⁴ Currently, Rule G-7(b) states that a bank dealer “shall obtain from each of its associated persons . . . a completed Form MSD-4 or similar form prescribed by the appropriate regulatory agency for such bank dealer.”

the banking regulators. In this alternative, bank dealers would still be undertaking a new reporting obligation to the MSRB but would not be required to provide specific information about their associated persons or updates of this information on Form A-12. Instead, the MSRB would have to coordinate this information by tracking and maintaining these form filings, which could be voluminous for the large numbers of associated persons of bank dealers on an ongoing basis. This alternative would require extensive use of MSRB staffing and technical resources before potential display of this information on msrb.org could be considered. It is for this reason that the MSRB deemed this alternative as inferior to the draft amendments.

Another alternative the MSRB considered was to only require bank dealers to submit information on associated persons to the MSRB if the firm's total par amount underwritten and/or traded in the previous year was over a certain amount. Smaller firms may lack the necessary resources to implement the changes proposed in the draft amendments to Rule A-12, and firms that conduct less underwriting and trading have a smaller footprint in the municipal securities market. However, by requiring some bank dealers while excluding others from the reporting requirements on Form A-12, the MSRB would not have access to the entire universe of associated persons. In one scenario, if an associated person leaves a large bank dealer for employment with a small bank dealer, the MSRB would not be able to review a corresponding Form MSD-5 withdrawal to confirm previous employment. In addition, the costs for compliance with the draft amendments should be proportionate to a firm's size, as smaller firms presumably would have fewer changes in personnel. It is for this reason that the MSRB deemed this alternative as inferior to the draft amendments.

D. Assessing the Benefits and Costs of the Draft Amendments

The MSRB policy on economic analysis in rulemaking requires consideration of the likely costs and benefits of a draft rule change when the rule change proposal is fully implemented against the context of the economic baselines. The MSRB is currently unable to quantify the economic effects of the draft amendments in totality because not all the information necessary to provide a reasonable estimate is available. Given the limitations on the MSRB's ability to conduct a quantitative assessment of the costs and benefits associated with the draft amendments, the MSRB has considered these costs and benefits primarily in qualitative terms, with preliminary estimated compliance costs. The MSRB is seeking, as part of this RFC, additional data or studies relevant to the costs and benefits of the draft amendments.

Benefits

The MSRB believes that the draft amendments to Rule A-12 and Form A-12 would provide several benefits to bank dealers, regulators and the public. First, the draft amendments would close a regulatory gap between bank dealers and non-bank dealers and enhance regulation of the municipal securities market. In addition, the gathering of registration and municipal securities-related qualification information of associated persons of bank dealers provides the MSRB and other regulators with necessary regulatory information for oversight of market participants. One way that the draft amendments would benefit the MSRB, other regulators and market participants is by providing transparency about the number of persons engaged in this sector of the market, serving as one gauge for the health of this market segment. Once the information becomes public in the future, it may also be used by academic and other researchers.¹⁵ Lastly, the MSRB has been informed by some bank dealers that the inaccessibility of a verifiable source of information about associated persons may have handicapped some bank dealers during the request for proposal process at the start of the underwriting bidding process. Municipal entities performing the due diligence task cannot easily find the proof for registration and qualification status of a bidding bank dealer, unlike a non-bank dealer where the relevant information can be easily located on FINRA's CRD platform. At this time, the MSRB is unable to verify the loss of business or calculate the estimated loss of revenue; however, based on staff outreach, the MSRB believes that the draft amendments would mitigate this potential issue.

Costs

The MSRB acknowledges that bank dealers would likely incur costs, relative to the baseline, for complying with the new Form A-12 reporting requirement. The MSRB has preliminarily identified certain costs, including those associated with updating policies and procedures and staffing to create the Form A-12 filings with the additional information. In addition, bank dealers would be required to amend Form A-12 as information about their associated persons changes, *e.g.*, if an associated person is separated from employment with the bank dealer, obtains a new municipal securities-related

¹⁵ For example, in 2018, academic researchers utilized the recently added municipal advisor Series 50 data as part of an academic study on the characteristics of the market following the 2010 Dodd-Frank Congressional Act. Bergstresser, Daniel, and Luby, Martin J., "The Evolving Municipal Advisor Market in the Post Dodd-Frank Era," 2018, Working paper available at <https://www.brookings.edu/wp-content/uploads/2018/04/berg-luby-2018-20180716.pdf>.

examination qualification or changes address. These ongoing costs would include the time and expense for bank dealers to manually enter the information into Form A-12 using an uploaded .csv file (*e.g.*, Excel spreadsheet) that contains required information for each associated person.¹⁶ Costs would also include review of the entries for accuracy. These costs may be more pronounced for larger bank dealers for whom the draft amendments to Form A-12 information about associated persons could number in the hundreds monthly, should the MSRB determine to require amendments within 30 days, as is presently required by Rule A-12(k) for other non-bank dealers. However, Rule G-7 presently already requires bank dealers to keep a list of associated persons, hence the incremental costs may not be as substantial.

Based on the MSRB's assumptions, the total upfront costs would be estimated at \$3,820 per bank dealer, as shown in Table 1. These total upfront costs include an estimated four hours needed for revisions to a bank dealer's policies and procedures to account for the additional steps for Form A-12, an estimated \$1,140 for the cost of a review of changes by outside counsel, and an estimated one hour of training for a total of \$520. The MSRB expects bank dealers to already be familiar with using Form A-12 and should not encounter much difficulty with adapting to the changes. In addition, bank dealers currently are required to keep a list of associated persons under Rule G-7; therefore, on an ongoing basis, the MSRB estimates an annual incremental cost of between \$1,040 and \$2,600 for reviewing and submitting the Form A-12 information. The MSRB believes that the cost would accumulate over time as a result of adding and removing individuals from Form A-12.

¹⁶ As noted above, the information provided would include the name(s) of the individual associated persons, municipal securities-related examination qualification(s) and U.S. state/territory locations of the offices where the associated persons are physically located.

Table 1: Estimated Compliance Costs for Each Bank Dealer¹⁷

Cost Components	Hourly Rate	Number of Hours	Cost per Firm
Upfront Costs			
a) Revision of Policies and Procedures	\$ 540	4.0	\$ 2,160
b) Outside Counsel Review	\$ 570	2.0	\$ 1,140
c) Training	\$ 520	1.0	\$ 520
Subtotal			\$ 3,820
Annual Ongoing Costs: Form A-12 Affirmation			
Upper Bound	\$ 520	5.0	\$ 2,600
Lower Bound	\$ 520	2.0	\$ 1,040

The MSRB notes that all bank dealers should already have staff dedicated to completing other registration or similar forms and would simply be adding a Form A-12 amendment to its “to-do” checklist when updating Form MSD-4 or completing Form MSD-5. For smaller firms, the upfront costs from the revisions to policies and procedures and additional time and effort to initially complete Form A-12 may be proportionately higher than larger firms; nevertheless, the MSRB believes the total upfront costs are relatively minor.

The MSRB believes that the overall benefits of the draft amendments outweigh its costs, as regulators, bank dealers, other market participants and

¹⁷ The hourly rates data is gathered from the Commission’s filing on “Amendments Regarding the Definition of ‘Exchange’ and Alternative Trading Systems (ATSs) That Trade U.S. Treasury and Agency Securities, National Market System (NMS) Stocks, and Other Securities.” See Exchange Act Release No. 94062 (January 26, 2022), 87 FR 15496, 15624 (March 18, 2022) (File No. S7-02-22). The Commission’s economic analysis utilizes the Securities Industry and Financial Markets Association, Management & Professional Earnings in the Securities Industry—2013 Report for the hourly rates of various financial industry market professionals. To compensate for inflation, the data reflects the 2024 hourly rate level after adjusting for the annual cumulative wage inflation rate of 37% between 2013 and 2023, and another 4.5% between 2023 and 2024. See The Federal Reserve Bank of St. Louis Employment Cost Index: Wages and Salaries: Private Industry Workers (available at <https://fred.stlouisfed.org/series/ECIWAG>). The number of hours for each task is based on the MSRB’s internal estimate.

the public would benefit from the increased municipal securities market transparency.

Effect on Competition, Efficiency, and Capital Formation

The MSRB believes that the draft amendments to Rule A-12 and Form A-12 would neither impose a burden on competition nor hinder capital formation. The draft amendments would improve the municipal securities market's operational efficiency and promote regulatory certainty by providing regulators with a clearer understanding of associated persons at bank dealers. At present, the MSRB is unable to quantitatively evaluate the magnitude of the efficiency gains or losses, but believes the overall incremental benefits accumulated over time for all market participants would outweigh the minor upfront costs of revising policies and procedures, as well as the ongoing compliance and recordkeeping costs by bank dealers who already have to comply with Form MSD-4 and Form MSD-5 requirements. The MSRB does not expect that the draft amendments to Rule A-12 would impose a burden on competition for bank dealers, as the draft amendments are applicable to all bank dealers and the upfront costs are expected to be relatively minor for all bank dealers.

Request For Comment

The MSRB would like to hear from stakeholders about first, whether it should amend Form A-12 to gather information described above about bank dealer associated persons for regulatory purposes; second, whether a public display of such information would meet the intended goal of increasing transparency by providing public access to this missing information for regulators, bank dealers, municipal entities and the public; and third, whether to make the draft technical amendment to provide notification of the addition of a new business line by any broker, dealer or municipal securities dealer. Specifically, the MSRB requests that commenters address the following questions and include relevant data wherever possible:

1. Would the draft amendment to Form A-12 achieve the objective of providing regulatory and public access to useful information about the associated persons of bank dealers? Please explain.
2. Are there other public sources available for this information about the associated persons of bank dealers?

3. If the draft amendments would impose new burdens on bank dealers, please describe in detail and quantify those burdens, to the extent possible.
4. Do you think the estimated compliance costs in Table 1 above are reasonable? If not, please provide your estimation.
5. Please describe the benefits of access to public information about the registration and municipal securities-related examination qualification information of associated persons of bank dealers.
6. When balanced, do the draft amendments to Form A-12 and subsequent display on msrb.org of this information about associated persons of bank dealers offer relevant benefits to justify the burden to bank dealers of the additional costs for the new Form A-12 reporting requirements?
7. What should be the timing of amendments to Form A-12 for this information about the associated persons of bank dealers? Within 30 days as is required for other amendments to Form A-12 presently, annually during the Annual Affirmation Period only, quarterly or within another timeframe?
 - a. If you selected an annual update above, would an annual update provide sufficiently current information for due diligence purposes or is more frequent amendment necessary?
 - b. If you selected amendments within 30 days above, would the benefits of more current amendments and publicly available information outweigh the burdens? Please describe.
 - c. If you selected another timeframe, please describe the burdens and benefits of the timeframe you chose.
8. Do the draft amendments provide protections for municipal entities or other market participants?
9. Are there considerations about the public display of this information that the MSRB should be aware of?
10. Would the draft amendments place any undue burden or impact on small firms? If so, do you have any suggestions for alleviating or reducing this burden?

11. Would the draft amendments place undue burden on larger firms? If so, do you have any suggestions for alleviating or reducing this burden?

Questions

Questions about this notice should be directed to Frank Mazzarelli, Director, or Lisa Wilhelmy, Associate Director, Market Regulation, at 202-838-1500.

June 5, 2024

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Text of Draft Amendments*

Rule A-12: Registration

(a) - (m) No change.

Supplementary Material

.01 No change.

.02 Notification Requirement

(a) If a broker, dealer, or municipal securities dealer initially provides the applicable notice of its intent to engage in municipal securities activities pursuant to subparagraph A-12(a)(ii) and subsequently amends its registration status to include municipal advisory activities, notice of the broker, dealer or municipal securities dealer's intent to engage in municipal advisory activities must be provided to, as applicable, the registered securities association or appropriate regulatory agency under Rule A-12(a)(ii).

(b) If a broker, dealer or municipal securities dealer, seeking to act as a municipal advisor, initially provides the applicable notice of its intent to engage in municipal advisory activities pursuant to subparagraph A-12(a)(ii) and subsequently amends its registration status to include municipal securities activities, notice of the municipal advisor's intent to engage in municipal securities activities must be provided to, as

* Underlining indicates new language; strikethrough denotes deletions.

applicable, the registered securities association or appropriate regulatory agency under Rule A-12(a)(ii).