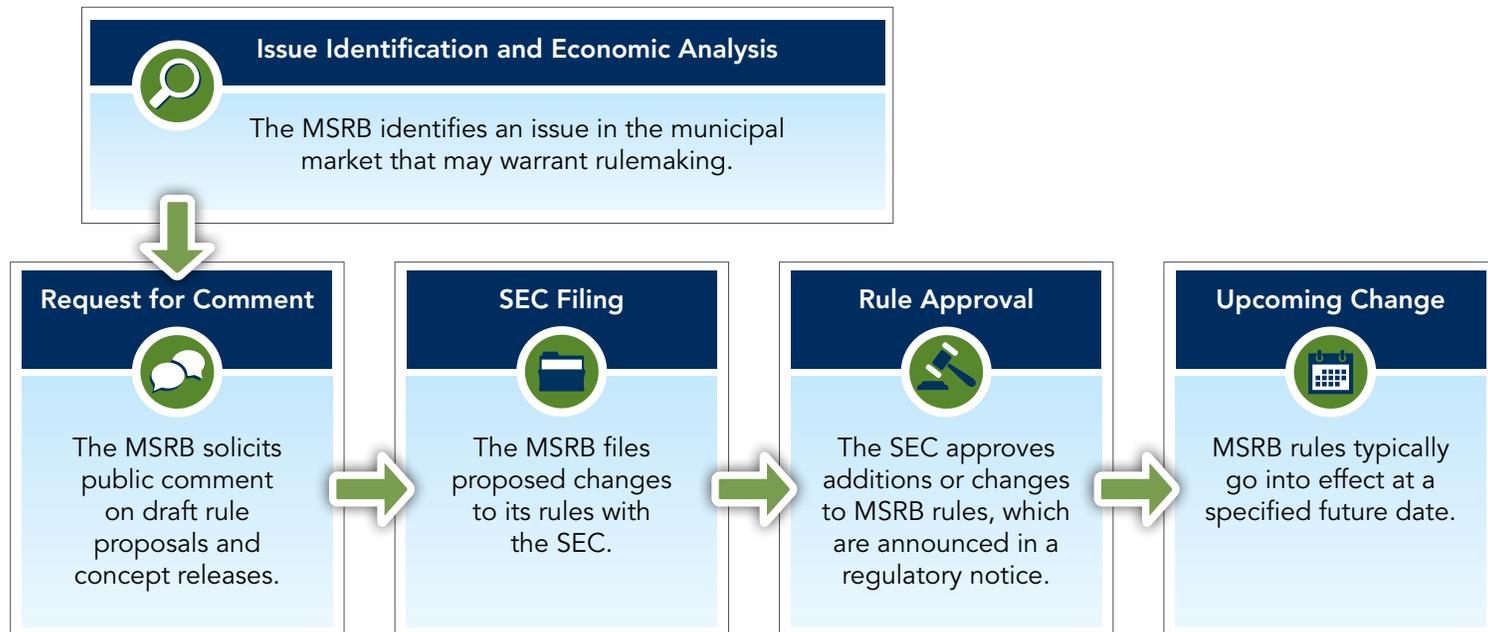


The Municipal Securities Rulemaking Board (MSRB) develops rules for municipal securities dealers and municipal advisors through a transparent and participatory process that typically provides market stakeholders with a number of opportunities to comment on potential rulemaking. Generally, the MSRB’s rulemaking process follows the below steps¹:



READ MORE ABOUT EACH STEP

 **Issue Identification and Economic Analysis**

The MSRB monitors market activity and engages fellow regulators and other market participants to assist in identifying issues in the municipal securities market that may warrant rulemaking. Once an issue is identified, the MSRB explores alternatives to rulemaking such as educating market participants or enhancing market transparency. The MSRB applies a formal [economic analysis policy](#) to assist in rigorous assessment of the potential implications of possible approaches to addressing market issues.

 **Request for Public Comment**

If the MSRB believes a rule is needed to address an identified issue, it develops a proposal and typically solicits public comment to learn more about potential implications of the rule for regulated entities and the expected benefits of the rule for the fairness and efficiency of the market. A [request for comment is published on the MSRB’s website in the form of a regulatory notice](#). The notice typically contains background information on the regulatory issue and the outcomes the rule proposal aims to achieve, a brief summary of the key provisions of the rule proposal,

¹ The rulemaking process may vary depending on factors such as the nature of the rule proposal, input from market stakeholders and decisions of the Securities and Exchange Commission (SEC), the federal agency responsible for oversight of the MSRB. Depending on the complexity of the issue and the extent of comments on a proposed rule, certain steps of the process may be repeated, delayed or changed as appropriate.



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specific questions directed to market participants and the full text of the rule proposal.

The MSRB may decide that preliminary information is needed before determining whether a rule proposal may be warranted. In these cases, the MSRB publishes a concept release to seek comment on the issue and a proposed method of addressing it in advance of developing a rule proposal.

With both concept releases and requests for comment, market participants are invited to engage in the rulemaking process by submitting comments during the designated comment period. These responses help inform the rulemaking process and improve the quality and effectiveness of rulemaking. All comment letters received, including any identifying information, generally are published on the MSRB's website.

The MSRB reviews all comment letters and evaluates whether, and to what extent, the proposed rule should be revised in light of comments received. If the MSRB determines that revision is necessary, additional public comment may be requested on the revisions. This process may continue a number of times until the MSRB concludes that a proposed rule appropriately balances competing considerations and represents the best approach to address the underlying issue.



SEC Filing

Rule proposals are then filed for approval with the SEC. [SEC filings](#) are public documents that are published on the MSRB's website. Filings typically contain general background information on the issue and the development of the rule proposal, an assessment of any burden on competition and why it is necessary and appropriate, a summary of the comments received and related MSRB responses, as well as a detailed description of the rule proposal. Filings will typically be accompanied by a number of exhibits including complete copies of the MSRB request(s) for comment and the related comment letters received.

Once a rule proposal has been filed, the SEC typically publishes the proposal for public comment. The MSRB may choose to withdraw a rule proposal that has been filed with the SEC due to market or other considerations.

When the SEC publishes the MSRB's rule proposal in the Federal Register — the official publication of the federal government for rules, proposed rules and notices — it invites market participants to submit comments on the proposed rule. The comment period generally lasts 21 days.

The MSRB may respond to, and revise a rule proposal in light of, the comments received by the SEC. If amended, the rule proposal will be republished for comment in the Federal Register. This process may be repeated as necessary.



Rule Approval

The SEC reviews the full record on a rule proposal and determines whether to approve or disapprove the rule proposal in accordance with applicable statutory standards. If approved, MSRB rules have the force and effect of federal law. The MSRB publishes a [regulatory notice](#) on its website and the SEC publishes its approval order in the Federal Register to announce rule approval and to notify regulated entities of the rule's effective date.

Under certain circumstances, the SEC may extend its time for consideration of a rule proposal by instituting proceedings to determine whether to approve or disapprove, which can extend the time for SEC action up to 240 days from the initial publication of the proposal in the Federal Register.



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