

**By-Laws of the  
Municipal Securities Rulemaking Board**  
(effective October 24, 2016)

**Article 1. Definitions**

As used in these By-laws, the following terms shall have the following meanings:

- (a) “Board” shall mean the Municipal Securities Rulemaking Board.
- (b) “Member” shall mean a director of the Municipal Securities Rulemaking Board.
- (c) “Act” shall mean the Securities Exchange Act of 1934, 15 U.S.C. 78a, *et seq.*, as amended from time to time.
- (d) “Commission” shall mean the Securities and Exchange Commission.

**Article 2. Powers of Board**

Rule A-2. Subject to the provisions of the Act and the rules and regulations of the Commission thereunder, and other applicable law, the Board shall have the power to determine all matters relating to the operation and administration of the Board and to exercise all other rights and powers granted by the Act and other applicable law to the Board. Notwithstanding anything to the contrary in the Board’s rules or By-laws, no delegation will derogate from Board powers under the Act or other applicable law.

**Article 3. Membership on Board**

Rule A-3. (a) *Number and Representation.* The Board shall consist of 21 members who are knowledgeable of matters related to the municipal securities markets and are:

(i) **Public Representatives.** Eleven individuals who are independent of any municipal securities broker, municipal securities dealer, or municipal advisor, of which:

- (1) at least one shall be representative of institutional or retail investors in municipal securities;
- (2) at least one shall be representative of municipal entities; and
- (3) at least one shall be a member of the public with knowledge of or experience in the municipal industry; and

(ii) **Regulated Representatives.** Ten individuals who are associated with a broker, dealer, municipal securities dealer, or municipal advisor, of which:

(1) at least one shall be associated with and representative of brokers, dealers or municipal securities dealers that are not banks or subsidiaries or departments or divisions of banks;

(2) at least one shall be associated with and representative of municipal securities dealers that are banks or subsidiaries or departments or divisions of banks; and

(3) at least one, and not less than 30 percent of the total number of regulated representatives, shall be associated with and representative of municipal advisors and shall not be associated with a broker, dealer or municipal securities dealer.

*(b) Nomination and Election of Members.*

(i) Members shall be nominated and elected in accordance with the procedures specified by this rule. The 21 member Board shall be divided into four classes, one class being comprised of six members and three classes being comprised of five members, who serve four-year terms. The classes shall be as evenly divided in number as possible between public representatives and regulated representatives. The terms will be staggered and, each year, one class shall be nominated and elected to the Board of Directors. The terms of office of all members of the Board shall commence on October 1 of the year in which elected and shall terminate on September 30 of the year in which their terms expire. A member may not serve consecutive terms, unless special circumstances warrant that the member be nominated for a successive term or because the member served only a partial term as a result of filling a vacancy pursuant to section (d) of this rule, and a member may not serve more than two terms consecutively. No broker-dealer representative, bank representative, or municipal advisor representative may be succeeded in office by any person associated with the broker, dealer, municipal securities dealer, or municipal advisor with which such member was associated at the expiration of such member's term except in the case of a Board member who succeeds himself or herself in office.

(ii) Candidates for Board membership shall be nominated by a committee (the "Nominating and Governance Committee") consisting of six public Board members and five Board members representing entities regulated by the MSRB. Among the six public Board members, at least one but no more than three shall be representative of institutional or retail investors in municipal securities, at least one but no more than three shall be representative of municipal entities, and at least one but no more than three shall be members of the public with knowledge of or experience in the municipal industry and not representative of investors or municipal entities. Among the representatives of entities regulated by the MSRB, at least one but no more than two shall be associated with and representative of brokers, dealers or municipal securities dealers that are not banks or subsidiaries or departments or divisions of banks, at least one but no more than two shall be

associated with and representative of municipal securities dealers that are banks or subsidiaries or departments or divisions of banks, and at least one but no more than two shall be associated with and representative of municipal advisors and shall not be associated with brokers, dealers or municipal securities dealers. The Chair of the Nominating and Governance Committee shall be a public member. In appointing persons to serve on the Nominating and Governance Committee, factors to be considered include, without limitation, diversity in the geographic location, size and type of brokers, dealers, municipal securities dealers, and municipal advisors represented on such Committee.

(iii) The Nominating and Governance Committee shall publish a notice in a financial journal having national circulation among members of the municipal securities industry and in a separate financial journal having general national circulation soliciting applicants for the positions on the Board to be filled in such year. The notice shall require that applicant recommendations be accompanied by a statement of the position for which the person is recommended, the background and qualifications for membership on the Board of the person recommended and, if applicable, information concerning such person's association with any broker, dealer, municipal securities dealer, municipal advisor, municipal entity, or institutional investor. The Nominating and Governance Committee shall accept recommendations pursuant to such notice for a period of at least 30 days. Any interested member of the public, whether or not associated with a broker, dealer, municipal securities dealer, municipal advisor, municipal entity, or institutional investor, may submit recommendations to the Nominating and Governance Committee.

(iv) The Nominating and Governance Committee shall nominate one person for each of the Board positions to be filled and shall submit the nominees to the Board for approval. In making such nominations, the Nominating and Governance Committee shall take into consideration such factors as, without limitation, diversity in the geographic location, size and type of brokers, dealers, municipal securities dealers, and municipal advisors represented on the Board, as well as the background, experience, and knowledge of the municipal securities markets of the public Board members. Each nomination shall be accompanied by a statement indicating the position for which such person is nominated, the nominee's qualifications to serve as a member of the Board, and information concerning the nominee's association, if any, with a broker, dealer, municipal securities dealer, municipal advisor, municipal entity, or institutional investor. The names of the nominees shall be confidential.

(v) The Board shall accept or reject each nominee submitted by the Nominating and Governance Committee. If the Board rejects a nominee, the Nominating and Governance Committee shall propose another nominee for Board consideration.

(vi) Upon completion of the procedures for nomination and election of new Board members, the Board will announce the names of the new members not later than October 1 of each year. The names of all applicants who agreed to be considered by the Nominating and Governance Committee shall be made available on the Board's website no later than one week after the announcement of the names of new Board members for the following fiscal year.

(vii) The Nominating and Governance Committee shall also be responsible for assisting the Board in fulfilling its oversight responsibilities regarding the effectiveness of the Board's corporate governance system.

(c) *Resignation and Removal of Members.* A member may resign from the Board by submitting a written notice of resignation to the Chair of the Board which shall specify the effective date of such member's resignation. In no event shall such date be more than 30 days from the date of delivery of such notice to the Chair. If no date is specified, the resignation shall become effective immediately upon its delivery to the Chair. In the event the Board shall find that any member has willfully violated any provision of the Act, any rule or regulation of the Commission thereunder, or any rule of the Board or has abused his or her authority or has otherwise acted, or failed to act, so as to affect adversely the public interest or the best interests of the Board, the Board may, upon the affirmative vote of two-thirds of the whole Board (which shall include the affirmative vote of at least one public representative, one broker-dealer representative and one bank representative), remove such member from office.

(d) *Vacancies.* Vacancies on the Board shall be filled by vote of the members of the Board, subject to the Commission's power of approval referred to in section (c) of this rule with respect to public representatives. Any person so elected to fill a vacancy shall serve for the term, or any unexpired portion of the term, for which such person's predecessor was elected. For purposes of this rule, the term "vacancies on the Board" shall include any vacancy resulting from the resignation of any person duly elected to the Board prior to the commencement of his or her term.

(e) *Compensation and Expenses.* The Board may provide for reasonable compensation of the MSRB Chair, Committee Chairs, members of the Board, and members of any Committee, including Committees made up entirely of non-Board members. The Board also may provide for reimbursement of actual and reasonable expenses incurred by such persons in connection with the business of the MSRB.

(f) *Affiliations.* Two persons associated with the same broker, dealer or municipal securities dealer shall not serve as members of the Board at the same time.

(g) *For purposes of this rule:*

(i) the term "Dodd-Frank Act" means the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203, 124 Stat. 1376 (2010).

(ii) the term “independent of any municipal securities broker, municipal securities dealer, or municipal advisor” means that the individual has “no material business relationship” with any municipal securities broker, municipal securities dealer, or municipal advisor. The term “no material business relationship” means that, at a minimum, the individual is not and, within the last two years, was not associated with a municipal securities broker, municipal securities dealer, or municipal advisor, and that the individual does not have a relationship with any municipal securities broker, municipal securities dealer, or municipal advisor, whether compensatory or otherwise, that reasonably could affect the independent judgment or decision making of the individual. The Board, or by delegation its Nominating and Governance Committee, may determine that additional circumstances involving the individual constitute a “material business relationship” with a municipal securities broker, municipal securities dealer, or municipal advisor.

(iii) the terms “municipal advisor” and “municipal entity” have the meanings set forth in Section 975(e) of the Dodd-Frank Act.

#### **Article 4. Meetings**

Rule A-4. (a) *Meetings*. Regular meetings of the Board shall be held at least quarterly and at such time and place as from time to time determined by resolution of the Board or provided by rule of the Board. Special meetings of the Board shall be called by the Chair of the Board or at the written request of not less than three members, which request shall in each case specify the purpose or purposes of the meeting. At special meetings, the Board shall consider only those specific matters for which the meeting was called, unless all members consent either at the meeting or in writing before or after the meeting to the consideration of other matters.

(b) *Notice of Meetings*. Notice of the time and place of special meetings of the Board shall be provided to each member, as well as to the Secretary of the Board, not later than the third calendar day preceding the date on which the meeting is to be held or as otherwise required by law, provided that such advance notice may be waived by unanimous consent of all Board members attending such meeting. Notice of a special meeting shall also set forth the purpose or purposes of the meeting. Notice of a special meeting need not be given to any member who submits a signed waiver of notice before or after the meeting, or who attends the meeting without protesting, prior thereto or at the commencement thereof, the lack of notice to such member. No notice of regular meetings of the Board shall be required.

(c) *Quorum and Voting Requirements*. A quorum of the Board shall consist of two-thirds of the members of the whole Board (at least one of whom shall be a public representative, one a broker-dealer representative, one a bank representative and one a municipal advisor representative), and any action taken by the affirmative vote of a majority of the whole Board at any meeting at which a quorum is present shall, except as

otherwise provided by rule of the Board, constitute the action of the Board. Unless otherwise specified by the Act or by rule of the Board, action by the Board may be by resolution. Resolutions of the Board shall take effect immediately, unless a different effective date shall be specified therein.

(d) *Action Without a Meeting.* Action by the Board may be taken without a meeting by written consent of the Board setting forth the action so taken or by telephone or e-mail poll of all members of the Board, provided that, in the case of action taken by telephone or e-mail poll, the Board, at a meeting, or the chairman of the Board authorizes the action to be taken by such means. The Executive Director shall transmit to each Board member, as soon as practicable after a telephone or e-mail poll is taken, a written statement setting forth the question or questions with respect to which the telephone or e-mail poll was taken and the results of the telephone or e-mail poll. Such statement shall also be entered in the minutes of the next Board meeting. In the case of action taken without a meeting by written consent, telephone or e-mail poll, an affirmative vote of a majority of the whole Board is required.

## **Article 5. Officers and Employees of the Board**

Rule A-5. (a) *Officers of the Board.* The officers of the Board shall consist of a Chair and a Vice Chair, and such other officers as the Board may deem necessary or appropriate. The Chair shall preside at meetings of the Board. During the absence or inability to act of the Chair, or while the office of Chair is vacant, the Vice Chair shall be vested with all of the powers and shall perform all of the duties of the Chair. In the event of the absence of both the Chair and Vice Chair at any meeting of the Board, the Board may designate one of the members present as acting Chair for the purpose of presiding at such meeting. The officers of the Board shall have such other powers and perform such other duties as the Board may determine by resolution.

(b) *Election of Officers of the Board.* Officers of the Board shall be elected annually from among the members, by secret, written ballot of the members, at a meeting of the Board held prior to October 1 of each year according to procedures adopted by the Board. Officers shall serve for a term commencing on the October 1 next following their election and ending with the succeeding September 30; *provided, however,* that any officer may resign his or her office prior to the expiration of his or her term by filing a written notice of resignation with the Secretary to the Board which shall specify the effective date of such resignation. In no event shall such date be less than 10 days or more than 30 days from the date of filing of such notice. If no date is specified, the resignation shall become effective 10 days from the date of filing. The Board may remove any officer at any time by two-thirds vote of the whole Board. Vacancies in office shall be filled as soon as practicable by vote of the members and any person elected to fill a vacancy shall serve only for the remainder of his or her predecessor's term. For purposes of this rule, the term "vacancies in office" shall include any vacancy resulting from the resignation of any person duly elected to an office prior to the commencement of his or her term.

(c) *Executive and Administrative Staff.* The staff of the Board shall consist of an Executive Director, a General Counsel, a Secretary to the Board, a Treasurer to the Board, and such other personnel as the Board shall deem necessary or appropriate. The duties and responsibilities of the Executive Director shall be as prescribed by the Board. The duties and responsibilities of all other staff shall be as prescribed by the Executive Director.

(d) *Attorneys, Consultants and Others.* The Board may retain such attorneys, consultants and other independent contractors as the Board may deem necessary or appropriate.

## **Article 6. Committees of the Board**

Rule A-6. (a) *Establishment.* The Board may establish one or more standing or special committees, each to have and exercise such powers and authority as may be provided by the Board in the resolution establishing such committee; *provided, however,* that no such committee shall have the authority to exercise any of the powers and authority specifically required to be exercised by the entire Board by the Act or by rule of the Board or other applicable law. The Chair of the Board shall be an *ex officio* member of each committee.

(b) *Procedure.* The Board shall, by resolution, establish rules of procedure for each committee appointed by the Board, to the extent deemed necessary or appropriate by the Board. To the extent not so provided by the Board, each committee may determine its own rules of procedure.

## **Article 7. Assessments**

Rule A-7. The Board shall, by rule, provide for the costs and expenses of its operation and administration by levying such fees and charges on brokers, dealers, municipal securities dealers, and municipal advisors as may be determined necessary or appropriate by the Board.

## **Article 8. Rulemaking Procedures**

Rule A-8. (a) *Adoption of Proposed Rules and Submission to Commission.* The Board shall adopt such proposed rules as the Board shall deem necessary or appropriate to effect the purposes of the Act with respect to transactions in municipal securities effected by brokers, dealers and municipal securities dealers, and municipal advisory activities engaged in by municipal advisors, including, as a minimum, proposed rules relating to those matters prescribed in section 15B(b)(2)(A) through (L) of the Act. Upon their adoption by the Board, the Board shall submit proposed rules to the Commission in accordance with the procedures set forth in section 19(b) of the Act and shall file such proposed rules with the appropriate regulatory agencies in accordance with the provisions of section 17(c) of the Act. A proposed rule of the Board shall become a rule of the Board upon its approval by the Commission, pursuant to section

19(b)(2) of the Act, or upon filing with the Commission in accordance with the provisions of section 19(b)(3)(A) of the Act, or upon the determination of the Commission in accordance with the provisions of section 19(b)(3)(B) of the Act. Documents required to be submitted to the Commission in connection with the proposed rules of the Board shall be signed on behalf of the Board by the Secretary of the Board, or by any person designated by the Board for that purpose by resolution.

(b) *Advisory Opinions and Interpretations.* The Board may from time to time render or cause to be rendered advisory opinions and interpretations of rules of the Board at the request of any interested person. Such opinions and interpretations shall represent the Board's intent in adopting the rules which are the subject of such opinions and interpretations.

(c) *Procedures.* The Board may from time to time prescribe and amend procedures relating to the administration of Board rules. Such procedures and amendments may be approved by the Board pursuant to rule A-4(d).

Each broker, dealer, municipal securities dealer, and municipal advisor shall be subject to such procedures and amendments thereto in the same manner as the broker, dealer, municipal securities dealer, and municipal advisor is subject to the rules of the Board.

Procedures and amendments thereto shall become effective no earlier than 10 business days after publication of such procedures and amendments.

(d) *Access to Board Rules and Other Action.* The Board shall establish procedures designed to provide access by all interested persons to rules of the Board and other official Board action, and otherwise to keep all interested persons informed and advised of all such rules and action.

## **Article 9. Fiscal Year**

Rule A-9. The fiscal year of the Board shall commence on October 1 of each year and end on September 30 of the following year.

## **Article 10. Independent Audit**

Rule A-10. The books and records of the Board shall be audited annually by independent certified public accountants selected by the Board, who shall certify the results of their audit to the Board not later than 90 days following the close of each fiscal year of the Board.

## **Article 11. \*\*Reserved\*\***

## **Article 12. President**

The President of the Board shall be the individual serving as the Executive



Director. The President shall be responsible for the day to day operation of the Board and its offices, including the hiring, termination and assignment of responsibilities of all staff, including those who are serving as officers of the corporation. The President shall have such other duties and responsibilities as may be determined by the members of the Board.

### **Article 13. General Counsel**

The General Counsel of the Board shall be responsible for the legal activities of the Board. The General Counsel shall have such other duties and responsibilities as may be determined by the Executive Director.

### **Article 14. Secretary, Treasurer, Assistant Secretary and Assistant Treasurer**

(a) Secretary. The Secretary of the Board shall keep and maintain the minutes of all meetings of the Board, which shall be adopted by the members of the Board. The Secretary shall maintain written records of all resolutions, including all delegations of authority by the members of the Board. The Secretary also shall be the custodian of the Board's corporate seal. The Secretary shall have such other duties and responsibilities as may be determined by the Executive Director.

(b) Treasurer. The Treasurer of the Board shall be responsible for the financial affairs of the Board. This responsibility shall include the preparation, interpretation and dissemination of periodic financial reports to the Board. The Treasurer shall have such other duties and responsibilities as are determined by the Executive Director of the Board.

(c) Assistant Secretary and Assistant Treasurer. The Assistant Secretary shall exercise such duties and responsibilities as determined by the Secretary of the Board. The Assistant Treasurer shall exercise such duties and responsibilities as determined by the Treasurer of the Board.

### **Article 15. Policies and Procedures**

The members of the Board may adopt policies and procedures governing the administrative and rulemaking activities of the Board, which shall not be inconsistent with these By-Laws and the Act.

### **Article 16. Amendment of By-Laws Provisions other than Rules of the Board**

Any addition or amendment to any By-Laws provisions that did not need to be and was not promulgated as a "Rule of the Board" pursuant to Section 19(b) of the Act, shall be adopted by resolution of the Board passed in accordance with Article 4(c) (Rule A-4(c)) herein; provided that notice of the general nature of such proposed addition or amendment to the By-Laws shall be given to each Board member at least three days before the date of the Board meeting.