

Regulatory Notice

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September 29, 2017

Stakeholders

Municipal Advisors

Notice Type

Regulatory
Announcement

Effective Date

September 29, 2017

Category

Administration

Affected Rules

[Rule A-11](#)

MSRB Amends Professional Fee for Municipal Advisors

Overview

On September 29, 2017, the Municipal Securities Rulemaking Board (MSRB) filed a proposed rule change with the Securities and Exchange Commission (SEC) to modify the fee charged under MSRB Rule A-11, on assessments for municipal advisor professionals.¹ The amendments to Rule A-11 increase the annual municipal advisor professional fee to \$500 from \$300 and is effective immediately, although the first payment at the new rate is not due until April 30, 2018.

Amended Rule A-11(a) will require each municipal advisor firm that is registered with the SEC to pay to the MSRB a recurring annual fee of \$500 for each person associated with the municipal advisor who is qualified as a municipal advisor representative in accordance with Rule G-3 and for whom the municipal advisor firm has on file with the SEC a Form MA-I as of January 31 of each year. A person is qualified in accordance with Rule G-3(d) when such person has taken and passed the Municipal Advisor Representative Qualification Examination (Series 50 exam).

The proposed rule change also includes several technical amendments, including a clarification regarding the rule's late fee provision, Rule A-11(b). This amendment clarifies that a municipal advisor firm that does not timely pay in full the total fee due under section (a)—regardless of the number of professionals for which the per professional fee was not timely paid—is required to pay only one \$25 monthly late fee.² In addition, the proposed rule change deletes a provision (section (c)) on the professional fee that was for a transitional period that has since passed and no longer applies.

¹ See File No. SR-MSRB-2017-07.

² This late fee is in addition to a late fee on the total overdue balance based on the Prime Rate.



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The increase in the per professional fee was informed by the MSRB's ongoing review and examination of the MSRB's funding sources (including fees) and is designed to help defray the costs of operating the MSRB, particularly the MSRB's regulatory and related activities in connection with municipal advisors. The increase also moves towards a more equitable balance of fees among regulated entities and, as a result, a fairer allocation of the expenses of the MSRB across regulated entities. The original \$300 per professional fee was established in 2014 as a reasonable initial starting amount for the fee. As part of the MSRB's holistic review of fees a year later, the MSRB reconsidered the amount of this fee, but determined not to increase it at that time in order to allow municipal advisors additional time to adapt to regulation. However, the MSRB noted that it would revisit the amount of the fee in light of the substantial costs associated with developing and maintaining a regulatory regime for municipal advisors, which is what led to the current fee increase filed today. The MSRB will continue to review and evaluate its fees over time to ensure that fees are allocated fairly and equitably across all regulated entities.

The increased fees will help defray the cost of operating the MSRB, including the MSRB's regulatory activities for municipal advisors; the development of a new principal-level professional qualification examination; and education, outreach and compliance activities.

September 29, 2017

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Text of Amendments*

Rule A-11: Assessments for Municipal Advisor Professionals

(a) *Annual Municipal Advisor Professional Fee.* Each municipal advisor that is registered with the Commission shall pay to the Board a recurring annual fee ~~beginning with the Board's fiscal year 2015 (which begins October 1, 2014)~~, equal to ~~\$300~~ \$500 for each person associated with the municipal advisor who is qualified as a municipal advisor representative in accordance with Rule G-3 and for whom the municipal advisor has on file with the Commission a Form MA-1 filed with the Commission by such municipal advisor as of January 31 of each year. The annual professional fee shall be due by April 30 each year and shall be payable in the manner provided by the MSRB Registration Manual.

(b) *Late Fees.* Any municipal advisor that fails timely to pay in full ~~a~~ the total professional fee due under section (a) ~~or (c)~~ of this rule shall pay a monthly late fee equal to twenty-five dollars for such failure

* Underlining indicates new language; strikethrough denotes deletions.

~~for each \$300 assessment not paid in full~~, and a late fee on the total overdue balance based on the Prime Rate as provided for in the MSRB Registration Manual, until paid.

(c) *Transitional Municipal Advisor Professional Fee.* Assessments for each municipal advisor registered either temporarily or permanently with the Commission on or before September 30, 2014, shall be due ten business days after the acceptance of its permanent registration by the Commission, and in an amount equal to \$300 for each Form MA I filed with the Commission by such municipal advisor. The transitional professional fee shall be payable in the manner provided by the MSRB Registration Manual.