

Proposed Rule Change by Municipal Securities Rulemaking Board  
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial <input checked="" type="checkbox"/>	Amendment <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) <input type="checkbox"/>	Section 19(b)(3)(A) <input checked="" type="checkbox"/>	Section 19(b)(3)(B) <input type="checkbox"/>
			Rule		
			<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input checked="" type="checkbox"/> 19b-4(f)(6)	

Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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**Description**  
Provide a brief description of the proposed rule change (limit 250 characters).

Proposed rule change to Rule G-8, on books and records, to require dealers to maintain certain records relating to auction rate securities and variable rate demand obligations.

**Contact Information**  
Provide the name, telephone number and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the proposed rule change.

First Name	<input type="text" value="Justin"/>	Last Name	<input type="text" value="Pica"/>
Title	<input type="text" value="Director, Uniform Practice Policy"/>		
E-mail	<input type="text" value="jpica@msrb.org"/>		
Telephone	<input type="text" value="(703) 797-6600"/>	Fax	<input type="text" value="(703) 797-6700"/>

**Signature**  
Pursuant to the requirements of the Securities Exchange Act of 1934,  
Municipal Securities Rulemaking Board  
has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized officer.

Date

By  (Name)  (Title)

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

**Form 19b-4 Information**

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

**Exhibit 1 - Notice of Proposed Rule Change**

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications**

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Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

**Exhibit 3 - Form, Report, or Questionnaire**

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

**Exhibit 4 - Marked Copies**

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

**Exhibit 5 - Proposed Rule Text**

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

**Partial Amendment**

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

## 1. Text of Proposed Rule Change

(a) The Municipal Securities Rulemaking Board (“MSRB”) hereby files with the Securities and Exchange Commission (“SEC”) a proposed rule change consisting of an amendment to its Rule G-8, books and records (referred to hereafter as “proposed rule change”). The proposed rule change would provide organizations responsible for inspecting and enforcing MSRB rules with information that would assist in the enforcement of compliance with Rule G-34(c), on variable rate security market information, by requiring brokers, dealers and municipal securities dealers to maintain certain records relating to auction rate securities and variable rate demand obligations. The MSRB proposes an effective date for the proposed rule change of June 1, 2009. The text of the proposed rule change is set forth below. New language is underlined.

### **Rule G-8: Books and Records to be Made by Brokers, Dealers and Municipal Securities Dealers**

(a) Description of Books and Records Required to be Made. Except as otherwise specifically indicated in this rule, every broker, dealer and municipal securities dealer shall make and keep current the following books and records, to the extent applicable to the business of such broker, dealer or municipal securities dealer:

(i) through (xxi) No change.

(xxii) Records Concerning Compliance with Rule G-34(c).

(A) A broker, dealer or municipal securities dealer that acts as a Program Dealer, as defined in Rule G-34(c)(i)(A), for an Auction Rate Security shall maintain:

(1) a record of the name of and CUSIP number or numbers for all such Auction Rate Securities for which the broker, dealer or municipal securities dealer acts as a Program Dealer;

(2) a record of all information submitted to and received from an Auction Agent as defined in Rule G-34(c)(i) with respect to an auction; and

(3) all information required to be submitted to the Board by the broker, dealer or municipal securities dealer under Rule G-34(c).

(B) A broker, dealer or municipal securities dealer that acts as a Remarketing Agent, as defined in Rule G-34(c)(ii), for a Variable Rate Demand Obligation shall maintain:

(1) a record of the name of and CUSIP number or numbers for all such Variable Rate Demand Obligations for which the broker,

dealer or municipal securities dealer acts as a Remarketing Agent;  
and

(2) all information required to be submitted to the Board by the  
broker, dealer or municipal securities dealer under Rule G-34(c).

(xxiii) Records Concerning Compliance with Rule G-34(a)(ii)(C). A broker, dealer or municipal securities dealer that acts as an underwriter in a primary offering of municipal securities subject to Rule G-34(a)(ii)(C)(1) shall maintain:

(A) through (C) No change.

(b) through (g) No change.

\* \* \*

(b) Not applicable.

(c) Not applicable.

## **2. Procedures of the Self-Regulatory Organization**

The proposed rule change was adopted by the MSRB at its April 2, 2009 meeting. Questions concerning this filing may be directed to Justin R. Pica, Director, Uniform Practice Policy, at 703-797-6716.

## **3. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change**

### **(a) Purpose**

The MSRB operates a facility for the collection and public dissemination of information about securities bearing interest at short-term rates (the Short-term Obligation Rate Transparency System, or SHORT System). MSRB Rule G-34(c), on variable rate security market information, requires brokers, dealers and municipal securities dealers (collectively "dealers") to report, or ensure the reporting of, interest rate and descriptive information to the SHORT System about municipal Auction Rate Securities ("ARS") and Variable Rate Demand Obligations ("VRDO") following an ARS auction or VRDO interest rate reset.

The proposed rule change would require those dealers for which MSRB Rule G-34(c) applies to retain for a period of three years records that would show that the requirement in Rule G-34 to submit information to the SHORT System applies to the dealer and that the dealer has submitted accurate information to the SHORT System. For ARS, dealers would be required to retain a record of all of the ARS for which the dealer acts as a Program Dealer as defined in Rule G-34(c)(i)(A), a record of all information submitted to and received from an Auction Agent as defined in Rule G-34(c)(i) with

respect to an auction, and all information required to be submitted to the SHORT System. For VRDO, dealers would be required to retain a record of all of the VRDO for which the dealer acts as a Remarketing Agent as defined in Rule G-34(c)(ii), and all information required to be submitted to the SHORT System. These records would provide organizations responsible for inspecting and enforcing MSRB rules with information that would assist in the enforcement of compliance with MSRB Rule G-34(c).

(b) Statutory Basis

The MSRB believes that the proposed rule change is consistent with section 15B(b)(2)(C) of the Securities Exchange Act of 1934 (the “Act”), which provides that the MSRB’s rules shall:

be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in municipal securities, to remove impediments to and perfect the mechanism of a free and open market in municipal securities, and, in general, to protect investors and the public interest.

The MSRB believes that the proposed rule change is consistent with the Act because it will facilitate the inspection and enforcement of MSRB Rule G-34(c).

**4. Self-Regulatory Organization’s Statement on Burden on Competition**

The MSRB does not believe the proposed rule change will impose any burden on competition since it would apply equally to all brokers, dealers and municipal securities dealers.

**5. Self-Regulatory Organization’s Statement on Comments Received on the Proposed Rule Change by Members, Participants, or Others.**

Written comments were neither solicited nor received on the proposed rule change.

**6. Extension of Time Period of Commission Action**

The MSRB declines to consent to an extension of the time period specified in Section 19(b)(2) of the Act.

**7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2).**

The MSRB has submitted the proposed rule change pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6) thereunder. The proposed rule change

effects a change that (A) does not significantly affect the protection of investors or the public interest; (B) does not impose any significant burden on competition; (C) was provided to the SEC for its review at least five business days prior to the filing date; and (D) does not become operative until June 1, 2009, which is more than thirty (30) days after the date of its filing.

**8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the SEC**

Not applicable.

**9. Exhibits**

1. Federal Register Notice

**EXHIBIT 1**

**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34- ; File No. **SR-MSRB-2009-06**]

**SELF-REGULATORY ORGANIZATIONS**

Proposed Rule Change to MSRB Rule G-8, Books and Records, to Require Brokers, Dealers and Municipal Securities Dealers to Maintain Certain Records Relating to Auction Rate Securities and Variable Rate Demand Obligations

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”), 15 U.S.C. 78s(b)(1), and Rule 19b-4, 17 C.F.R. 240.19b-4, notice is hereby given that on April 28, 2009, the Municipal Securities Rulemaking Board (“MSRB”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in items I, II, and III below, which items have been prepared by the MSRB. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

**I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change**

The MSRB is filing with the Commission a proposed rule change consisting of an amendment to MSRB Rule G-8, Books and Records (the “proposed rule change”). The proposed rule change would provide organizations responsible for inspecting and enforcing MSRB rules with information that would assist in the enforcement of

compliance with Rule G-34(c), on variable rate security market information, by requiring brokers, dealers and municipal securities dealers to maintain certain records relating to auction rate securities and variable rate demand obligations. The MSRB proposes an effective date for the proposed rule change of June 1, 2009. The text of the proposed rule change is available on the MSRB's Web site (<http://www.msrb.org>), at the MSRB's principal office, and at the Commission's Public Reference Room.

**II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change**

In its filing with the Commission, the MSRB included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The MSRB has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

**A. Self-Regulatory Organization's Purpose of, and Statutory Basis for, the Proposed Rule Change**

**1. Purpose**

The MSRB operates a facility for the collection and public dissemination of information about securities bearing interest at short-term rates (the Short-term Obligation Rate Transparency System, or SHORT System). MSRB Rule G-34(c), on variable rate security market information, requires brokers, dealers and municipal securities dealers (collectively "dealers") to report, or ensure the reporting of, interest rate

and descriptive information to the SHORT System about municipal Auction Rate Securities (“ARS”) and Variable Rate Demand Obligations (“VRDO”) following an ARS auction or VRDO interest rate reset.

The proposed rule change would require those dealers for which MSRB Rule G-34(c) applies to retain for a period of three years records that would show that the requirement in Rule G-34 to submit information to the SHORT System applies to the dealer and that the dealer has submitted accurate information to the SHORT System. For ARS, dealers would be required to retain a record of all of the ARS for which the dealer acts as a Program Dealer as defined in Rule G-34(c)(i)(A), a record of all information submitted to and received from an Auction Agent as defined in Rule G-34(c)(i) with respect to an auction, and all information required to be submitted to the SHORT System. For VRDO, dealers would be required to retain a record of all of the VRDO for which the dealer acts as a Remarketing Agent as defined in Rule G-34(c)(ii), and all information required to be submitted to the SHORT System. These records would provide organizations responsible for inspecting and enforcing MSRB rules with information that would assist in the enforcement of compliance with MSRB Rule G-34(c).

## **2. Statutory Basis**

The MSRB believes that the proposed rule change is consistent with Section 15B(b)(2)(C) of the Exchange Act, which provides that the MSRB’s rules shall:

be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in municipal securities, to remove impediments to and perfect the mechanism

of a free and open market in municipal securities, and, in general, to protect investors and the public interest.

The MSRB believes that the proposed rule change is consistent with the Act because it will facilitate the inspection and enforcement of MSRB Rule G-34(c).

**B. Self-Regulatory Organization's Statement on Burden on Competition**

The MSRB does not believe the proposed rule change will impose any burden on competition since it would apply equally to all brokers, dealers and municipal securities dealers.

**C. Self-Regulatory Organization's Statement on Comments Received on the Proposed Rule Change by Members, Participants, or Others**

Written comments were neither solicited nor received on the proposed rule change.

**III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action**

Because the foregoing proposed rule change does not:

(i) significantly affect the protection of investors or the public interest;

(ii) impose and significant burden on competition; and

(iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6) thereunder.

At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

#### **IV. Solicitation of Comments**

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Exchange Act. Comments may be submitted by any of the following methods:

##### Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number **SR-MSRB-2009-06** on the subject line.

##### Paper Comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, Station Place, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number **SR-MSRB-2009-06**. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room. Copies of such filing also will be available for inspection and copying at the principal office of the MSRB. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number **SR-MSRB-2009-06** and should be submitted on or before within [insert date twenty-one days from publication in the Federal Register].

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>1</sup>

Elizabeth M. Murphy

Secretary

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<sup>1</sup> 17 CFR 200.30-3(a)(12).