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**Stakeholders**  
Municipal Securities  
Dealers, Municipal  
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Regulatory Reminder

**Category**  
Fair Practice

**Affected Rules**  
[Rule G-11](#)

## Obligations of Senior Syndicate Managers Utilizing Electronic Communications

### Background

In November 1998, the Municipal Securities Rulemaking Board (the “MSRB” or “Board”) published an interpretation about the use of electronic media to deliver and receive information by brokers, dealers and municipal securities dealers (collectively, “dealers”) under Board rules (the “1998 Interpretation”).<sup>1</sup> The 1998 Interpretation addresses how dealers may use electronic media to satisfy their delivery obligations under MSRB rules, including communications among dealers and between dealers and issuers. It states, “. . . a dealer that undertakes communications required under Board rules with other dealers and with issuers in a manner that conforms with the principles stated [in the 1998 Interpretation] relating to customer communications will have met its obligations with respect to such communications.”<sup>2</sup>

### Discussion

The MSRB wishes to remind dealers of the 1998 Interpretation, particularly in light of the January 13, 2020 compliance date for certain amendments to [MSRB Rule G-11](#), on primary offering practices.<sup>3</sup> Among other modifications, the amendments to Rule G-11 require senior syndicate managers to provide certain information to issuers regarding allocations and net designations.

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<sup>1</sup> See Exchange Act Release No. 40848 (Dec. 28, 1998), 64 FR 544 (Jan. 5, 1999) (File No. SR-MSRB-98-12); see also [Notice Regarding Electronic Delivery and Receipt of Information by Brokers, Dealers and Municipal Securities Dealers](#) (Nov. 20, 1998).

<sup>2</sup> *Id.*

<sup>3</sup> See [MSRB Notice 2019-15](#) (June 28, 2019).



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The MSRB understands that dealers acting as senior syndicate managers may use external third-party electronic systems or proprietary electronic systems to manage aspects of the primary offering process, such as the tracking of orders, the automated communication of certain information to syndicate members, and other electronic data sharing features (“electronic bookrunning systems”). With respect to certain information required to be delivered to other dealers and issuers under Rule G-11, the Board believes that such information may be provided by electronic means so long as the standards established in the 1998 Interpretation with respect to electronic communications are met, including providing timely and adequate notice that such information may be accessed electronically. For example, with respect to Rule G-11(g)(ii), within two business days following the date of sale, a senior syndicate manager can inform an issuer that allocation information is available electronically (*e.g.*, on an electronic bookrunning system that an issuer has access to) by pushing notice to the issuer (*e.g.*, email). Additionally, consistent with the 1998 Interpretation, a dealer should provide a paper version of the allocation information should an issuer request or object to receiving the information electronically.

Questions about this notice may be directed to Gail Marshall, Chief Compliance Officer, or David Hodapp, Assistant General Counsel, at 202-838-1500.

January 6, 2020

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