

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

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|---|---|---|---|---|--|
| 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 | | |
| Pilot <input type="checkbox"/> | Extension of Time Period for Commission Action <input type="checkbox"/> | Date Expires <input type="text"/> | <input type="checkbox"/> 19b-4(f)(1) | <input type="checkbox"/> 19b-4(f)(4) | <input type="checkbox"/> 19b-4(f)(6) |
| | | | <input checked="" type="checkbox"/> 19b-4(f)(2) | <input type="checkbox"/> 19b-4(f)(5) | |
| | | | <input type="checkbox"/> 19b-4(f)(3) | <input type="checkbox"/> 19b-4(f)(6) | |

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| 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).

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="Lawrence"/> | Last Name | <input type="text" value="Sandor"/> |
| Title | <input type="text" value="Associate General Counsel"/> | | |
| E-mail | <input type="text" value="lsandor@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 | <input type="text" value="09/30/2009"/> |
| By | <input type="text" value="Ronald W. Smith"/> |
| | (Name) |
| | <input type="text" value="Corporate Secretary"/> |
| | (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 EFFF 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” or “Board”) is hereby filing with the Securities and Exchange Commission (“Commission” or “SEC”) a proposed rule change consisting of amendments to Rule A-13, which provides for fee assessments based on underwriting activity and Rule G-32, pertaining to the definition of commercial paper. The proposed rule change would apply to primary offerings of municipal securities for which submission of Form G-32 under MSRB Rule G-32(b)(i)(A) is initiated on or after December 1, 2009. The proposed rule change is set forth below, with underlining indicating additions and brackets indicating deletions.

Rule A-13: Underwriting and Transaction Assessments for Brokers, Dealers and Municipal Securities Dealers

(a) *Underwriting Assessments-Scope.* Each broker, dealer and municipal securities dealer shall pay to the Board an underwriting fee as set forth in section (b) for all municipal securities purchased from an issuer by or through such broker, dealer or municipal securities dealer, whether acting as principal or agent, as part of a primary offering, provided that section (b) of this rule shall not apply to a primary offering of securities if all such securities in the primary offering:

[(i) have an aggregate par value less than \$1,000,000;]

[(ii) have a final stated maturity of nine months or less] (i) are commercial paper as defined in MSRB Rule G-32(d); or

[(iii) at the option of the holder thereof, may be tendered to an issuer of such securities or its designated agent for redemption or purchase at par value or more at least as frequently as every nine months until maturity, earlier redemption, or purchase by an issuer or its designated agent;]

[(iv) have authorized denominations of \$100,000 or more and are sold to no more than thirty-five persons each of whom the broker, dealer or municipal securities dealer reasonably believes: (A) has the knowledge and experience necessary to evaluate the merits and risks of the investment; and (B) is not purchasing for more than one account, with a view toward distributing the securities; or]

[(v)] (ii) constitute municipal fund securities.

If a syndicate or similar account has been formed for the purchase of the securities, the underwriting fee shall be paid by the managing underwriter on behalf of each participant in the syndicate or similar account.

(b) *Underwriting Assessments-Amount.* For those primary offerings subject to assessment under section (a) above, the amount of the underwriting fee is[:]

[(i) for primary offerings in which all securities offered have a final stated maturity less than two years, .001% (\$.01 per \$1,000) of the par value;]

[(ii) for primary offerings in which all securities offered, at the option of the holder thereof, may be tendered to an issuer of such securities or its designated agent for redemption or purchase at par value or more at least as frequently as every two years until maturity earlier redemption, or purchase by an issuer or its designated agent, .001% (\$.01 per \$1,000) of the par value; and]

[(iii) for all other primary offerings subject to this rule,] .003% (\$.03 per \$1,000) of the par value.

(c) - (e) No change

(f) *Definition.* [For purposes of this rule, the term "primary offering" shall mean an offering of municipal securities directly or indirectly by or on behalf of the issuer of such securities, including any remarketing of such securities directly by or on behalf of the issuer of such securities.] The term "primary offering" shall have the meaning set forth in Rule G-32(d)(viii), provided that, for purposes of Rule A-13, the term "primary offering" shall not include any remarketing of municipal securities.

Rule G-32: Disclosures in Connection with Primary Offerings

(a) – (c) No change

(d) *Definitions.* For purposes of this rule, the following terms have the following meanings:

(i) – (xii) No change

(xiii) The term "commercial paper" shall mean municipal securities having a maturity of nine months or less issued pursuant to a commercial paper program permitting such municipal securities to be rolled over upon maturity into new commercial paper.

(e) No change

* * * * *

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was adopted by the Board at its July 23, 2009 meeting. Questions concerning this filing may be directed to Lawrence P. Sandor, Associate General Counsel, at (703) 797-6600.

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

(a) Purpose

The purpose of the proposed rule change is to assess reasonable fees necessary to defray the costs and expenses of operating and administering the MSRB. The proposed rule change would partially accomplish this purpose by amending Rule A-13 to eliminate exemptions in Rule A-13 pertaining to underwriting assessments for primary offerings of municipal securities that: (i) have an aggregate par value less than \$1,000,000; (ii) have a final stated maturity of nine months or less, except commercial paper; (iii) at the option of the holder thereof, may be tendered to an issuer of such securities or its designated agent for redemption or purchase at par value or more at least as frequently as every nine months until maturity, earlier redemption, or purchase by an issuer or its designated agent; and (iv) have authorized denominations of \$100,000 or more and are sold to no more than thirty-five persons each of whom the broker, dealer or municipal securities dealer ("dealer") reasonably believes: (A) has the knowledge and experience necessary to evaluate the merits and risks of the investment; and (B) is not purchasing for more than one account, with a view toward distributing the securities ("limited offering"). The underwriting fee for primary offerings of these securities will be \$.03 per \$1000 par value, which is the current underwriting fee for primary offerings of municipal bonds. Additionally, the proposed rule change will further harmonize the underwriting fees of notes and bonds by changing the underwriting fee on primary offerings in which all securities offered have a final stated maturity less than two years to the rate of \$.03 per \$1000 par value. For purposes of the underwriting assessment under Rule A-13, a primary offering will be defined to mean a primary offering under Exchange Act Rule 15c2-12, but excludes subsequent remarketings after the initial issuance of the bonds or notes. Rule G-32 has also been amended to include a new definition of commercial paper.

The MSRB currently levies three types of fees that are generally applicable to dealers. Rule A-12 provides for a \$100 initial fee paid once by a dealer when it enters the municipal securities business. Rule A-13 provides for an underwriting fee of \$.03 per \$1000 par value of bonds and \$.01 per \$1000 par value of notes (with specified exceptions), and a transaction fee of \$.005 per \$1000 par value of sale transactions of specified securities. Rule A-14 provides for an annual fee of \$500 from each dealer who conducts municipal securities activities.

The underwriting and transaction fees in Rule A-13 assess fees that are generally proportionate to a dealer's activity within the industry. Historically, municipal notes were either exempt from underwriting fees or were subject to reduced underwriting fees (\$.01 per \$1000), and variable rate demand obligations, small issues, and limited

offerings also were exempt from underwriting fees. The MSRB believes that such a fee structure has become increasingly inequitable as the volume of primary offerings in these categories (including in particular note issues) has grown, and the MSRB's resources have been devoted to supporting both notes and bonds. The elimination of exemptions for these categories of primary offerings will result in fees that are more fairly, reasonably and equitably allocated to reflect dealer participation in the overall municipal debt market.

During the past five years, the Board's ongoing expenses have increased significantly due to increased regulatory activities and expanded market information products and services, including the new Electronic Municipal Market Access system ("EMMA") to implement the new "access equals delivery" primary market disclosure service under MSRB Rule G-32 and the new continuing disclosure service to implement the Commission's amendments to Exchange Act Rule 15c2-12 as well as the Short-term Obligation Rate Transparency system ("SHORT") for interest rate transparency for variable rate demand obligations and auction rate securities. These new systems and their associated rules greatly enhance the efficiency of the municipal securities market and provide critical information to dealers and investors. The proposed rule change is designed to better match the MSRB's revenues with the operating costs associated with these important new systems and the costs of regulating the municipal securities market.

(b) Statutory Basis

The MSRB believes that the proposed rule change is consistent with Section 15B(b)(2)(J) of the Securities Exchange Act of 1934 (the "Act"), which requires, in pertinent part, that the Board's rules shall:

Provide that each municipal securities broker and each municipal securities dealer shall pay to the Board such reasonable fees and charges as may be necessary or appropriate to defray the costs and expenses of operating and administering the Board. Such rules shall specify the amount of such fees and charges.

The proposed rule change provides for reasonable fees, based on dealer involvement in the municipal securities market, that are necessary to defray Board expenses. The proposed rule change will result in a more equitable distribution of fees among dealers in the municipal securities market based on their level of activity in the primary market for municipal bonds and notes.

4. Self-Regulatory Organization's Statement on Burden on Competition

The Board does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act since it would apply equally to all dealers and would be apportioned based on such dealers' level of participation in the municipal securities primary market.

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

Not applicable.

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

The proposed rule change is to take effect upon filing pursuant to Section 19(b)(3)(A)(ii) of the Act and Rule 19b-4(f)(2) thereunder, provided that it shall have an operative date of, and shall apply only to primary offerings of municipal securities for which submission of Form G-32 under MSRB Rule G-32(b)(i)(A) is initiated, on or after, December 1, 2009. The MSRB hereby designates the proposed rule change as changing a fee applicable to brokers, dealers and municipal securities dealers.

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

Not applicable.

9. Exhibit

1. Federal Register Notice

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(RELEASE NO. 34- ; File No. SR-MSRB-2009-15)

Self-Regulatory Organizations; Municipal Securities Rulemaking Board; Notice of Filing and Immediate Effectiveness of Amendments to Rule A-13, on Underwriting Assessments and Rule G-32, on Disclosures in Connection with Primary Offerings

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“the Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on September 30, 2009, the Municipal Securities Rulemaking Board (“Board” or “MSRB”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the MSRB. The MSRB has designated the proposed rule change as changing a fee applicable to brokers, dealers and municipal securities dealers pursuant to Section 19(b)(3)(A)(ii) of the Act,³ and Rule 19b-4(f)(2) thereunder,⁴ which renders the proposal effective upon filing with the Commission. 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 amendments to Rule A-13, which provides for fee assessments based on underwriting activity and Rule G-32, by adding a definition of commercial paper. The proposed rule change would apply to primary offerings of municipal securities for which submission of Form G-32 under Rule G-32(b)(i)(A) is initiated on or after December 1, 2009.

¹ 15 U.S.C. 78s(b)(1).

² 18 C.F.R. 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(ii).

⁴ 17 C.F.R. 240.19b-4(f)(2).

The text of the proposed rule change is available on the MSRB's Website at www.msrb.org/msrb1/sec.asp, 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 Board has prepared summaries, set forth in Section A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The purpose of the proposed rule change is to assess reasonable fees necessary to defray the costs and expenses of operating and administering the MSRB. The proposed rule change would partially accomplish this purpose by amending Rule A-13 to eliminate exemptions in Rule A-13 pertaining to underwriting assessments for primary offerings of municipal securities that: (i) have an aggregate par value less than \$1,000,000; (ii) have a final stated maturity of nine months or less, except commercial paper; (iii) at the option of the holder thereof, may be tendered to an issuer of such securities or its designated agent for redemption or purchase at par value or more at least as frequently as every nine months until maturity, earlier redemption, or purchase by an issuer or its designated agent; and (iv) have authorized denominations of \$100,000 or more and are sold to no more than thirty-five persons each of whom the broker, dealer or municipal securities dealer ("dealer") reasonably believes: (A) has the knowledge and

experience necessary to evaluate the merits and risks of the investment; and (B) is not purchasing for more than one account, with a view toward distributing the securities (“limited offering”).

The underwriting fee for primary offerings of these securities will be \$.03 per \$1000 par value, which is the current underwriting fee for primary offerings of municipal bonds. Additionally, the proposed rule change will further harmonize the underwriting fees of notes and bonds by changing the underwriting fee on primary offerings in which all securities offered have a final stated maturity less than two years to the rate of \$.03 per \$1000 par value. For purposes of the underwriting assessment under Rule A-13, a primary offering will be defined to mean a primary offering under Exchange Act Rule 15c2-12, but excludes subsequent remarketings after the initial issuance of the bonds or notes. Rule G-32 has also been amended to include a new definition of commercial paper.

The MSRB currently levies three types of fees that are generally applicable to dealers. Rule A-12 provides for a \$100 initial fee paid once by a dealer when it enters the municipal securities business. Rule A-13 provides for an underwriting fee of \$.03 per \$1000 par value of bonds and \$.01 per \$1000 par value of notes (with specified exceptions), and a transaction fee of \$.005 per \$1000 par value of sale transactions of specified securities. Rule A-14 provides for an annual fee of \$500 from each dealer who conducts municipal securities activities.

The underwriting and transaction fees in Rule A-13 assess fees that are generally proportionate to a dealer’s activity within the industry. Historically, municipal notes were either exempt from underwriting fees or were subject to reduced underwriting fees (\$.01 per \$1000), and variable rate demand obligations, small issues, and limited offerings also were exempt from underwriting fees. The MSRB believes that such a fee structure has become increasingly inequitable as the volume of primary offerings in these categories (including in particular note

issues) has grown, and the MSRB's resources have been devoted to supporting both notes and bonds. The elimination of exemptions for these categories of primary offerings will result in fees that are more fairly, reasonably and equitably allocated to reflect dealer participation in the overall municipal debt market.

During the past five years, the Board's ongoing expenses have increased significantly due to increased regulatory activities and expanded market information products and services, including the new Electronic Municipal Market Access system ("EMMA") to implement the new "access equals delivery" primary market disclosure service under MSRB Rule G-32 and the new continuing disclosure service to implement the Commission's amendments to Exchange Act Rule 15c2-12 as well as the Short-term Obligation Rate Transparency system ("SHORT") for interest rate transparency for variable rate demand obligations and auction rate securities. These new systems and their associated rules greatly enhance the efficiency of the municipal securities market and provide critical information to dealers and investors. The proposed rule change is designed to better match the MSRB's revenues with the operating costs associated with these important new systems and the costs of regulating the municipal securities market.

2. Statutory Basis

The MSRB believes that the proposed rule change is consistent with Section 15B(b)(2)(J) of the Securities Exchange Act of 1934 (the "Act"), which requires, in pertinent part, that the MSRB's rules shall:

Provide that each municipal securities broker and each municipal securities dealer shall pay to the Board such reasonable fees and charges as may be necessary or appropriate to defray the costs and expenses of operating and administering the Board. Such rules shall specify the amount of such fees and charges.

The proposed rule change provides for reasonable fees, based on dealer involvement in the municipal securities market that are necessary to defray MSRB expenses. The proposed rule

change will result in a more equitable distribution of fees among dealers in the municipal securities market based on their level of activity in the primary market for municipal bonds and notes.

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

The MSRB does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act, since it would apply equally to all dealers and would be apportioned based on such dealers' level of participation in the municipal securities primary market.

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.

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

The proposed rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act⁵ and Rule 19b-4(f)(2)⁶ thereunder, in that the proposed amendments to Rule A-13 and Rule G-32 change fees applicable to brokers, dealers and municipal securities dealers. The proposed rule change would apply to primary offerings of municipal securities for which submission of Form G-32 under MSRB Rule G-32(b)(i)(A) is initiated on or after December 1, 2009. 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.⁷

⁵ 15 U.S.C. 78s(b)(3)(A)(ii).

⁶ 17 C.F.R. 240.19b-4(f)(2)

⁷ See Section 19(b)(3)(C) of the Act, 15 U.S.C. 78s(b)(3)(C).

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 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. Please include File Number SR-MSRB-2009-15 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-MSRB-2009-15. 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, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 am and 3:00 pm. Copies of such filing also will be available for inspection and copying at the MSRB's offices. 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-2009-15 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁸

Elizabeth M. Murphy
Secretary

⁸ 17 C.F.R 200.30-3(a)(12).