

2022-08

Publication Date

August 26, 2022

Stakeholders

Municipal Securities Dealers, Municipal Advisors, Issuers, Investors, Municipal Fund Securities, Bank Dealers, General Public

Notice Type

Approval Notice

Compliance Date

September 23, 2022

Category

Market Transparency

Affected Rules

[Rule G-34](#)

SEC Approves Amendments to Rule G-34 to Better Align the CUSIP Requirements for Underwriters and Municipal Advisors with Current Market Practices

Overview

On August 25, 2022, the Municipal Securities Rulemaking Board (MSRB or “Board”) received approval¹ from the U.S. Securities and Exchange Commission (SEC or “Commission”) for amendments to MSRB Rule G-34, on CUSIP numbers, new issue, and market information requirements. The amendments better align Rule G-34’s requirements for obtaining CUSIP numbers with the process followed by market participants and facilitate compliance with Rule G-34 by streamlining the rule text.

Summary of the Amendments

A. The Board’s Designee Assigns CUSIP Numbers

Rule G-34 previously required an underwriter or municipal advisor to obtain CUSIP numbers through an application in writing to the Board or its designee.

The amended rule updates this language by providing specifically that underwriters and municipal advisors must apply to the “Board’s designee” to obtain a CUSIP number. The amendment removes the language in the rule text that makes reference to the Board in the requirement. The rule amendment also removes the requirement that the application must be made in writing from Rule G-34(a)(i)(A). An application under this section must instead be made in accordance with the procedures of the Board’s designee.



Receive emails about
MSRB Notices.

¹ See Release No. 34-95602 (August 25, 2022) (File No. SR-MSRB-2022-05).

The Board's designee for the purposes of assigning CUSIP numbers is CUSIP Global Services. This designation is reflected in Supplementary Material .01. If CUSIP numbers become available from another source or another identifier for municipal securities becomes market practice at some point in the future, the MSRB would notify the market of a decision to modify the designee via publication of an MSRB regulatory notice.

B. Removal of the One Business Day Obligation

Rule G-34 previously required a municipal advisor advising an issuer with respect to a competitive sale of a new issue of municipal securities to make an application for CUSIP numbers by no later than one business day after dissemination of a notice of sale or other such request for bids.

The amendments to Rule G-34 remove the obligation for a municipal advisor to make such application by no later than one business day since it is not always practical for municipal advisors to comply given the realities of the marketplace. The rule continues to require that the application be made at a time sufficient to ensure final CUSIP number assignment occurs prior to the award of the issue.

C. Information Required to be Provided When Applying for CUSIP Numbers

Rule G-34 previously listed specific data points that must be provided when applying for CUSIP numbers. The amendments remove these data points from the rule and instead require that underwriters and municipal advisors provide the information required by the Board's designee (currently, CUSIP Global Services) in connection with their CUSIP application. Similarly, the amendments remove a requirement to provide in a CUSIP application made in connection with certain new issuances that refund part of an outstanding issuance certain information previously specified in the rule.

This flexibility is designed to reflect that the MSRB does not control the specifics of the application process, nor does it make a determination on the sufficiency of an application to receive CUSIP numbers. The amendments also help create a rule that is less likely to become stale over time.

D. CUSIP Pre-Assignment

The Rule G-34 amendments make clear that the obligation to apply for a CUSIP number only applies in instances where no CUSIP number has been pre-assigned. The Board believes that this aligns with the common understanding among market participants that there is no obligation to seek a CUSIP number where one has already been pre-assigned.

Questions about this notice should be directed to Justin Kramer, Assistant Director, Market Regulation at 202-838-1500.

August 26, 2022

* * * * *

Text of Amendments*

Rule G-34: CUSIP Numbers, New Issue, and Market Information Requirements

(a) New Issue Securities.

(i) Assignment and Affixture of CUSIP Numbers.

(A) Except as otherwise provided in this section (a) and section (d), a broker, dealer or municipal securities dealer acting as an underwriter in a new issue of municipal securities, and a municipal advisor advising the issuer with respect to a competitive sale of a new issue of municipal securities, shall apply in writing in accordance with the procedures of the designee to the designee of the Board or its designee for assignment of a CUSIP number or numbers to such new issue, as follows:

(1) The underwriter in a negotiated sale shall make an application by no later than the time that pricing information for the issue is finalized. Such application for CUSIP number assignment shall be made at a time sufficient to ensure final CUSIP number assignment occurs prior to the formal award of the issue.

(2) The underwriter in a competitive sale for which no CUSIP numbers have been pre-assigned shall make an application immediately after receiving notification of the award from the issuer. The underwriter in a competitive sale shall ensure that CUSIP numbers are assigned prior to disseminating the Time of First Execution required under paragraph (a)(ii)(C) of this Rule G-34.

(3) A municipal advisor advising the issuer with respect to a competitive sale of a new issue of municipal securities for which no CUSIP numbers have been pre-assigned, shall make an application for CUSIP numbers by no later than one business day after dissemination of a notice of sale or other such request for bids. Such application for CUSIP number assignment shall be made at a time sufficient to ensure final CUSIP number assignment occurs prior to the award of the issue.

* Underlining indicates new language; strikethrough denotes deletions.

(4) In making applications for CUSIP number assignment, the underwriter or municipal advisor shall provide the information required by the designee of the Board for such application. ~~the following information shall be provided:~~

~~(a) complete name of issue and series designation, if any;~~

~~(b) interest rate(s) and maturity date(s) (provided, however, that, if the interest rate is not established at the time of application, it may be provided at such time as it becomes available);~~

~~(c) dated date;~~

~~(d) type of issue (e.g., general obligation, limited tax or revenue);~~

~~(e) type of revenue, if the issue is a revenue issue;~~

~~(f) details of all redemption provisions;~~

~~(g) the name of any company or other person in addition to the issuer obligated, directly or indirectly, with respect to the debt service on all or part of the issue (and, if part of the issue, an indication of which part); and~~

~~(h) any distinction(s) in the security or source of payment of the debt service on the issue, and an indication of the part(s) of the issue to which such distinction(s) relate.~~

(5) Any changes to information identified in subparagraph (a)(i)(A)(4) and included in an application for CUSIP number assignment shall be provided to the Board's ~~or its~~ designee as soon as they are known but no later than a time sufficient to ensure final CUSIP number assignment occurs prior to disseminating the time of first execution required under subparagraph (a)(ii)(C)(1)(b) of this Rule G-34.

(B) The information required by subparagraph (i)(A)(4) of this section (a) shall be provided in accordance with the provisions of this paragraph. The application shall include a copy of a notice of sale, official statement, legal opinion, or other similar documentation prepared by or on behalf of the issuer, or portions of such documentation, reflecting the information required by subparagraph (i)(A)(4) of this section (a). Such documentation may be submitted in preliminary form if no final documentation is available at the time of application. In such event the final documentation, or the relevant portions of such documentation, reflecting any changes in the information required by subparagraph (i)(A)(4) of this section (a) shall be submitted when such documentation becomes available. If no such documentation, whether in preliminary or final form, is available at the time application for CUSIP number assignment is made, such copy shall be provided promptly after the documentation becomes available.

(C) The provisions of subsection (i) of this section (a) shall not apply with respect to any new issue of municipal securities on which CUSIP numbers have been preassigned by the designee of the

Board or on which the issuer or a person acting on behalf of the issuer has submitted an application for assignment of a CUSIP number or numbers.

(D) In the event that the proceeds of the new issue will be used, in whole or in part, to refund an outstanding issue or issues of municipal securities in such a way that part but not all of the outstanding issue or issues previously assigned a single CUSIP number is to be refunded to one or more redemption date(s) and price(s) (or all of an outstanding issue is to be refunded to more than one redemption date and price), the broker, dealer or municipal securities dealer shall apply in writing to the designee of the Board or its designee for a reassignment of a CUSIP number to each part of the outstanding issue refunded to a particular redemption date and price and shall provide to the designee of the Board or its designee the following information on the issue or issues to be refunded the information required by the designee of the Board.:

~~(1) the previously assigned CUSIP number of each such part or issue;~~

~~(2) for each such CUSIP number, the redemption dates and prices, to be established by the refunding;~~

~~(3) for each such redemption date and price, a designation of the portion of such part or issue (e.g., the designation of use of proceeds, series, or certificate numbers) to which such redemption date and price applies.~~

~~The underwriter also shall provide documentation supporting the information provided pursuant to the requirements of this subparagraph (D).~~

(E) The underwriter, prior to the delivery of a new issue of municipal securities to any other person, shall affix to, or arrange to have affixed to, the securities certificates of such new issue the CUSIP number assigned to such new issue. If more than one CUSIP number is assigned to the new issue, each such number shall be affixed to the securities certificates of that part of the issue to which such number relates.

(F) A broker, dealer or municipal securities dealer acting as an underwriter of a new issue of municipal securities, or a municipal advisor advising the issuer with respect to a competitive sale of a new issue, which is being purchased directly by a bank, any entity directly or indirectly controlled by the bank or under common control with the bank, other than a broker, dealer or municipal securities dealer registered under the Securities Exchange Act of 1934, or a consortium of such entities; or by a municipal entity with funds that are, at least in part, proceeds of, or fully or partially secure or pay, the purchasing entity's issue of municipal obligations (e.g., state revolving fund or bond bank), may elect not to apply for assignment of a CUSIP number or numbers if the underwriter or municipal advisor reasonably believes (e.g., by obtaining a written representation) that the present intent of the purchasing entity or entities is to hold the municipal securities to maturity or earlier redemption or mandatory tender.

(ii) No Change

(b)-(e) No Change

Supplementary Material

.01 Board's Designee. In 1983, the Board designated the CUSIP Service Bureau (currently known as CUSIP Global Services) as its designee to assign CUSIP numbers to new issues of municipal securities.