

The Municipal Securities Rulemaking Board (MSRB) is providing responses to certain frequently asked questions about its customer and municipal advisory client education, protection and related recordkeeping rules for municipal securities dealers and the application of those rules to municipal advisors.<sup>1</sup> This document addresses MSRB Rules [G-10](#), [G-8](#) and [G-9](#) as amended effective October 13, 2017.

## BACKGROUND AND ADDITIONAL RESOURCES

- [SEC Approves Extension of MSRB's Customer Complaint and Related Recordkeeping Rules to Municipal Advisors and the Modernization of Those Rules](#) (MSRB Notice 2017-13), January 2017
- [Proposed Rule Change to Extend the MSRB's Customer Complaint and Related Recordkeeping Rules to Municipal Advisors and to Modernize Those Rules](#) (SEC Filing SR-2016-15), November 2016
- [Information for Municipal Advisory Clients](#) (*downloadable brochure*)
- [Information for Municipal Securities Investors](#) (*downloadable brochure*)
- [MSRB Rule G-8 Customer and Municipal Advisory Client Complaint Product and Problem Codes Guide](#)
- [Sample Electronic Complaint Log](#) (*downloadable Excel workbook*)
- [Sample Checklist for Handling Client Complaints](#)

## RESPONSES TO FREQUENTLY ASKED QUESTIONS

### Section 1: Notifications

**1. Rule G-10 requires MSRB-regulated entities to provide three notifications to customers and municipal advisory clients: i) notification of their registration with the SEC and MSRB; ii) the MSRB's website address; and iii) the availability of informational brochures for customers and municipal advisory clients. Would posting the required notifications on a firm's website alone satisfy the requirements of amended Rule G-10?**

No. Amended Rule G-10(a) and (b) require that a regulated entity provide the notifications in writing to each customer or municipal advisory client. Although the notifications may be sent electronically, merely posting the notifications on a firm's website, without sending them to each customer or municipal advisory client, would not meet the rule's requirement to direct them to each customer or client individually. Note, however, the regulated entity may combine the notifications with other written materials.

**2. Is a regulated entity required to provide the notifications to its current customers or municipal advisory clients before the effective date of the amendments, October 13, 2017?**

No. The rule amendments operate only prospectively as of the effective date. Nevertheless, a regulated entity may choose to provide the notifications required by amended Rule G-10 to its existing customers or municipal advisory clients before the effective date of the amendments. If a regulated entity does so, the notifications would satisfy amended Rule G-10(a) and (b)'s annual notification requirements for calendar year 2017 as long as the notifications that the dealer or municipal advisor provides to its customers or municipal advisory clients comply in all other respects with the requirements of amended Rule G-10(a) and (b). The regulated entity, in that case, would not be required to provide the notifications again until the time of its choosing within calendar year 2018.

<sup>1</sup> The proposed rule change also includes a notice regarding electronic delivery and receipt of information by municipal advisors under Rule G-32, on disclosures in connection with primary offerings.

### **3. What is the latest date that a regulated entity may send the notifications required by amended Rule G-10 to its existing customers or municipal advisory clients each calendar year?**

Amended Rule G-10 requires that a regulated entity send its existing customers or municipal advisory clients the written notifications once every calendar year. The latest date that a regulated entity may send the notifications to its existing customers or municipal advisory clients is therefore December 31 of each year.

### **4. What is an example of the timing for the notifications required by amended Rule G-10 to be sent to current municipal advisory clients for calendar years 2017 and 2018?**

For an existing municipal advisory client, a municipal advisor will have up to and including December 31, 2017 to provide the notifications for calendar year 2017. Similarly, for an existing municipal advisory client, a municipal advisor will have up to and including December 31, 2018 to provide the notifications for calendar year 2018, regardless of the date on which the notifications may have been provided for calendar year 2017.

### **5. May the notifications required by amended Rule G-10 be sent to customers or municipal advisory clients through email?**

Yes, amended Rule G-10(a) and (b) permit a regulated entity to send the notifications to each of its customers or municipal advisory clients electronically, including email. See Rule G-32 Interpretation — Notice Regarding Electronic Delivery and Receipt of Information by Municipal Advisors on page 13 of [MSRB Notice 2017-03](#).

### **6. Must dealers that only offer and sell interests in municipal fund securities, such as 529 college savings plans, and not other types of municipal securities, comply with the notification requirements of amended Rule G-10?**

Yes, dealers must send the notifications to customers who invest in municipal fund securities. The requirement to send the notifications in amended Rule G-10 applies to all dealers, regardless of the type of municipal security the dealer offers and sells.

### **7. Must dealers send the notifications required by amended Rule G-10 to institutional customers?**

Yes. The notification requirements in amended Rule G-10(a) and (b) apply to all customers of dealers, and similarly to all municipal advisory clients of municipal advisors.

## **Section 2: Recordkeeping**

### **8. Do the requirements under amended Rule G-8 to keep an electronic complaint log apply to complaints that are not “written?”**

No. The requirement to keep an electronic log only applies to written customer or municipal advisory client complaints. See amended Rule G-8(a)(xii) and (h)(vi).

### **9. Must a regulated entity make an entry into an electronic log of written customer or municipal advisory client complaints to state that it has no such complaints if the regulated entity has not received any written complaints from a customer or municipal advisory client?**

No. Amended Rule G-8(a)(xii) and (h)(vi) require that a dealer or municipal advisor keep an electronic log of written customer or municipal advisory client complaints. These provisions contain no requirement for a dealer or municipal advisor to keep an electronic log if the dealer or municipal advisor has received no such complaints.

### **10. Does the requirement for an electronic complaint log apply to a written customer or municipal advisory client complaint received before October 13, 2017?**

No, but see response to Question 11 below about ongoing correspondence.

### **11. Does ongoing correspondence relating to a written customer or municipal advisory client complaint count as a new complaint under amended Rule G-8?**

Generally, no. Ongoing correspondence relating to a written customer or municipal advisory client complaint would not count as a new complaint as long as the same complaint was already logged in accordance with amended Rule G-8. If, however, ongoing correspondence relating to a previously logged written customer or municipal advisory client complaint nevertheless alleges any additional grievance that meets the definition of a complaint under amended Rule G-8(a)(xii) or (h)(vi), then the new complaint would be required to be logged in the electronic complaint log.

### **12. What does the word “electronic” mean for purposes of amended Rule G-8(a)(xii) and (h)(vi), which require that a dealer or municipal advisor keep an electronic log of written customer or municipal advisory client complaints?**

Amended Rule G-8, Supplementary Material .01, on electronic recordkeeping provides that “electronic format” is defined as any computer software program that is used

for storing, organizing and/or manipulating data that can be provided promptly upon request to a regulatory authority. For example, a dealer or municipal advisor may keep the electronic log in an electronic spreadsheet. [Download a sample electronic complaint log.](#)

**13. May the electronic log of written customer or municipal advisory client complaints be kept by a regulated entity as part of a general complaint log, if it keeps such a general log?**

Yes. If the regulated entity does so, however, the aspects of the regulated entity's general complaint log that concern the electronic log of written customer or municipal advisory client complaints must satisfy all of the requirements of amended Rule G-8.

**14. Is the six-year retention period required for customer or municipal advisory client complaints measured from the date that the dealer or municipal advisor received the complaint or the date the dealer or municipal advisor resolved the complaint?**

Because the written customer or municipal advisory client complaint and the resolution of that complaint are integral to the records about the complaint, Rule G-9(a)(v) and (h)(iii) require a dealer or municipal advisor to keep the records relating to a written complaint that are required by Rule G-8 for six years from the date of the resolution of the complaint.