

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

**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="Ronald"/>	Last Name	<input type="text" value="Smith"/>
Title	<input type="text" value="Senior Legal Associate"/>		
E-mail	<input type="text" value="rsmith@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.

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 (“Board” or “MSRB”) is hereby filing with the Securities and Exchange Commission (“Commission” or “SEC”) a proposed rule change (the “proposed rule change”) consisting of deletion of the entire rule language of Rule A-11, on indemnification of members and employees. The proposed rule change is set forth below, with brackets indicating deletions.

**Rule A-11: [Indemnification of Members and Employees]**

[Each member and employee of the Board shall be indemnified and held harmless against all liabilities and related expenses incurred in connection with the performance of his or her official duties, provided that such member or employee has acted, or omitted to act, in good faith and within the scope of his or her authority.]

\* \* \* \* \*

(b) Not applicable.

(c) Not applicable.

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

The Board adopted the proposed rule change at its November 10-11, 2005 meeting. Questions concerning this filing may be directed to Ronald W. Smith, Senior Legal Associate, at (703) 797-6600.

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

(a) Rule A-11, on indemnification of members and employees, states that each member and employee of the MSRB shall be indemnified and held harmless against all liabilities and related expenses incurred in connection with the performance of his or her official duties, provided that such member or employee has acted, or omitted to act, in good faith and within the scope of his or her authority. The MSRB recently approved expanding the indemnification provisions for Board members and employees. Because the language of the expanded provisions was broader than the indemnification provided under Virginia law, where the MSRB is incorporated as a nonstock corporation, the expanded provisions needed to be included in the MSRB’s Articles of Incorporation in order to be effective. The SEC recently approved a proposed rule change consisting of the MSRB’s Restated Articles of Incorporation and By-Laws, which included the expanded indemnification provisions in the Restated Articles of Incorporation.<sup>1</sup> Thus,

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<sup>1</sup> See SEC Release No. 34-53804 (May 15, 2006).

the proposed rule change removes the indemnification provisions from Rule A-11 (and By-Law Article 11).<sup>2</sup>

(b) The MSRB believes that the proposed rule change is consistent with the requirements of Section 15B(b)(2)(I) of the Securities Exchange Act of 1934 (“Act”), which authorizes the MSRB to adopt rules that provide for the operation and administration of the MSRB. The proposed rule change is concerned solely with the operation and administration of the MSRB.

#### **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 not necessary or appropriate in furtherance of the purposes of the Act since it only applies to the operation and administration of the MSRB.

#### **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 for SEC 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 proposed rule change is to take effect upon filing pursuant to Section 19(b)(3)(A) of the Act. The MSRB hereby designates the proposed rule change as concerned solely with the administration of the MSRB.

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

Not applicable.

#### **9. Exhibits**

1. Federal Register Notice.

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<sup>2</sup> The MSRB stated in its filing of the Restated Articles of Incorporation and By-Laws that, once the MSRB obtains approval for the Restated Articles of Incorporation by the Commonwealth of Virginia, the MSRB would file with the SEC to delete Rule A-11 (and By-Law Article 11) for immediate effectiveness. See File No. SR-MSRB-2006-02, SEC Release No. 34-53616 (April 7, 2006).

**EXHIBIT 1**

**SECURITIES AND EXCHANGE COMMISSION**

(Release No. 34- ; File No. SR-MSRB-2006-04)

Self-Regulatory Organizations; Municipal Securities Rulemaking Board; Notice of Filing and Immediate Effectiveness of Amendment to Rule A-11, on Indemnification of Members and Employees

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on May 25, 2006, the Municipal Securities Rulemaking Board (“MSRB” or “Board”) filed with the Securities and Exchange Commission (“Commission” or “SEC”) a proposed rule change (File No. SR-MSRB-2006-04) (“the proposed rule change”) consisting of an amendment to Rule A-11, on indemnification of members and employees, 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 Rule A-11, on indemnification of members and employees, to delete the entire rule language. 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

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

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 Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

Rule A-11, on indemnification of members and employees, states that each member and employee of the MSRB shall be indemnified and held harmless against all liabilities and related expenses incurred in connection with the performance of his or her official duties, provided that such member or employee has acted, or omitted to act, in good faith and within the scope of his or her authority. The MSRB recently approved expanding the indemnification provisions for Board members and employees. Because the language of the expanded provisions was broader than the indemnification provided under Virginia law, where the MSRB is incorporated as a nonstock corporation, the expanded provisions needed to be included in the MSRB's Articles of Incorporation in order to be effective. The SEC recently approved a proposed rule change consisting of the MSRB's Restated Articles of Incorporation and By-Laws, which included the expanded indemnification provisions in the Restated Articles of Incorporation.<sup>3</sup> Thus,

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<sup>3</sup> See SEC Release No. 34-53804 (May 15, 2006).

the proposed rule change removes the indemnification provisions from Rule A-11 (and By-Law Article 11).<sup>4</sup>

2. Statutory Basis

The MSRB believes that the proposed rule change is consistent with the requirements of Section 15B(b)(2)(I) of the Securities Exchange Act of 1934 (“Act”), which authorizes the MSRB to adopt rules that provide for the operation and administration of the MSRB. The proposed rule change is concerned solely with the operation and administration of the MSRB.

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 not necessary or appropriate in furtherance of the purposes of the Act since it only applies to the operation and administration of the MSRB.

C. Self-Regulatory Organization’s Statement on Comments on the Proposed Rule Change Received from 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 foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and paragraph (f) of Rule 19b-4 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

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<sup>4</sup> The MSRB stated in its filing of the Restated Articles of Incorporation and By-Laws that, once the MSRB obtains approval for the Restated Articles of Incorporation by the Commonwealth of Virginia, the MSRB would file with the SEC to delete Rule A-11 (and By-Law Article 11) for immediate effectiveness. See File No. SR-MSRB-2006-02, SEC Release No. 34-53616 (April 7, 2006).

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 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-2006-04 on the subject line.

##### Paper comments:

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

All submissions should refer to File Number SR-MSRB-2006-04. 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 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-2006-04 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>5</sup>

Nancy M. Morris  
Secretary

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<sup>5</sup> 17 CFR 200.30-3(a)(12).