

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 (“MSRB” or “Board”) is hereby filing with the Securities and Exchange Commission (“Commission” or “SEC”) a proposed rule change consisting of the MSRB’s Restated Articles of Incorporation and By-Laws. The proposed rule change is as follows:¹

RESTATED
ARTICLES OF INCORPORATION
OF
MUNICIPAL SECURITIES RULEMAKING BOARD

1. **Name.** The name of the Corporation is **Municipal Securities Rulemaking Board.**

2. **Purpose.** The purpose of the Corporation is to discharge its mandate under the Securities Exchange Act, 15 U.S.C. Sections 78a, *et seq.* as may be amended from time to time, and in particular, section 15B(b) of the Act (“Act”), 15 U.S.C. Section 78o-4(b), to propose and adopt rules to effect the purposes of the Act with respect to transactions in municipal securities effected by brokers, dealers and municipal securities dealers and otherwise to engage in any lawful activities permitted under the Virginia Nonstock Corporation Act to the extent those activities are not inconsistent with the Act.

3. **Form of Organization and Limitations on Activities.** The Corporation is organized exclusively as a nonprofit nonstock corporation and its activities shall be conducted in such a manner that no part of its net revenues or earnings shall inure to the benefit of any director, officer or any other person.

4. **Members.** The Corporation shall have no members. However, under section 15B(c)(i) of the Act, 15 U.S.C. Section 78o-4(c)(i), all brokers, and dealers and municipal securities dealers (as defined by sections 3(a)(4), (5) and (30) of the Act, 15 U.S.C. Sections 78c(a)(4), (5) and (30)) are subject to Board rules duly approved by the Securities and Exchange Commission under Section 19 of the Act, 15 U.S.C. Section 78s, and are required to support the operation of the Board by payment of fees and charges assessed by the Board under section 15B(b)(2)(J) of the Act, 15 U.S.C. Section 78o-4(b)(2)(J).

5. **Directors, [Initial Directors,] Terms of Office.**

(a) **Directors.** Authority to discharge the Corporation's rulemaking responsibilities and management shall be vested in a Board of Directors of such number, qualification and authority as prescribed in section 15B(b)(1) of the Act, 15 U.S.C. Section 78o-4(b)(1) and, to the extent not inconsistent with the Act, in

¹ Underlining indicates additions; brackets denote deletions.

the Virginia Nonstock Corporation Act, these Articles of Incorporation and in the By-Laws of the Corporation [which shall not be inconsistent with the Act].

[(b) **Initial Directors and Terms of Office.** The initial directors of the Corporation, who shall have terms expiring as noted, are:

Terms Expire September 30, 1989

Michael E. Dougherty
Dougherty, Dawkins, Strand & Yost, Inc.
100 S. 5th Street, Suite 2300
Minneapolis, MN 55402

W. Graham Lynch
Wachovia Bank & Trust Company, Inc.
Main and Third Streets
Winston-Salem, NC 27150

Leslie Nelman
Farmers Insurance Group
4680 Wilshire Boulevard
Los Angeles, CA 90010

Carroll M. Perkins
Salt River Project
1521 Project Drive
Phoenix, AZ 85072-2025

John W. Rowe
Mercantile Bancorporation, Inc.
721 Locust Mercantile Tower
St. Louis, MO 63101

Terms Expire September 30, 1990

Eric N. Keber
BT Securities Corporation
130 Liberty Street, 33rd Floor
New York, NY 10006

David J. Master
Lovett Mitchell Webb & Garrison
700 Rusk, Suite 700
Houston, TX 77002

Elizabeth A. Roistacher

Department of Economics
Queens College
Flushing, NY 11367

Thomas Sexton
First Boston Corporation
Park Avenue Plaza
New York, NY 10055

Richard S. West
American Syndicate Advisors
50 Federal Street
Boston, MA 02110

Terms Expire September 30, 1991

John M. Gunyou
City of Minneapolis
331 City Hall
Minneapolis, MN 55415

David E. Hartley
Stone & Youngberg
One California Street, Suite 2800
San Francisco, CA 94111

R. Fenn Putman
Dean Witter Reynolds, Inc.
Two World Trade Center
New York, NY 10048

S. Ashton Stuckey
Southtrust Bank of Alabama
112 N. 20th Street
Birmingham, AL 35203

Donald J. Stuhldreher
The Huntington Company
41 South High Street – HCO 930
Columbus, OH 43215]

(b) **Terms of Office.** [Succeeding] Directors shall be elected by the Board and shall serve three-year terms as provided by the Corporation's By-Laws.

[(c) **Voting Rights.** The Board shall be entitled to exercise such powers and authority as may be granted to them by these Articles of

Incorporation, its By-Laws and by the Act, 15 U.S.C. Section 78a *et seq.* In addition, the Corporation shall have the right to vote on all matters in which a nonstock corporation is entitled to vote under the Virginia Nonstock Corporation Act to the extent these matters are not inconsistent with the Act.]

6. **[Initial] Registered Agent and Registered Office.** The post office address of the registered office is [c/o William B Cave, Suite 100, 701 N. Fifth St., Richmond, VA 23219. The registered office is located in the city of Richmond, VA] 4701 Cox Road, Suite 301, Glen Allen, VA 23060-6802. The registered office is located in the county of Henrico, VA. [The name of the Corporation's registered agent is William B. Cave, a resident of Virginia and a member of the Virginia State Bar.] The name of the Corporation's registered agent at that office is CT Corporation System, which is a foreign stock corporation authorized to transact business in the Commonwealth of Virginia. [The address of his business office is identical with the Corporation's registered office.]

7. **Limitation on Liability of Officers and Directors.** No officer or director of the Corporation shall be liable for any damages in any proceeding brought by or in the right of the Corporation or in any other proceeding to the fullest extent permitted in the Virginia Nonstock Corporation Act [except that the liability of an officer or director shall not be limited if he engaged in willful misconduct or a knowing violation of criminal law].

8. **Indemnification.**

(a) Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "Proceeding"), by reason of the fact that he or she is or was a director, officer or employee of the Corporation or that he or she, being at the time a director, officer or employee of the Corporation, is or was serving at the request of the Corporation as a director, trustee, officer, employee or agent of another corporation or of a partnership, joint venture, trust, or other enterprise, including service with respect to an employee benefit plan (collectively, "Another Enterprise" or "Other Enterprise"), whether in either case the basis of such Proceeding is alleged action or inaction in an official capacity as a director, officer or employee of the Corporation, or as a director, trustee, officer, employee or agent of such Other Enterprise, shall be indemnified and held harmless by the Corporation to the fullest extent authorized or permitted and not prohibited by the Virginia Nonstock Corporation Act as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than permitted prior thereto), against all expense, liability and loss (including without limitation attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such person in connection therewith. The persons indemnified by paragraph (a) of this Article 8 are hereinafter referred to as "Indemnitees." Such

indemnification as to such alleged action or inaction shall continue as to an Indemnitee who has after such alleged action or inaction ceased to be director, officer or employee of the Corporation, and shall inure to the benefit of the Indemnitee's heirs, executors and administrators. The right to indemnification conferred in this Article 8: (i) shall be a contract right; (ii) shall not be affected adversely as to any Indemnitee by an amendment of these Articles of Incorporation with respect to any action or inaction occurring prior to such amendment; and (iii) shall include the right to be paid by the Corporation, the expenses (including, without limitation, attorneys' fees and expenses) incurred in defending any such Proceeding in advance of its final disposition (hereinafter an "Advancement of Expenses"), provided, however, that, if and to the extent the Virginia Nonstock Corporation Act requires, an Advancement of Expenses incurred by an Indemnitee shall be made only upon delivery to the Corporation of an undertaking (hereinafter an "Undertaking"), by or on behalf of such Indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a "Final Adjudication") that such Indemnitee is not entitled to be indemnified for such expense under this Article 8 or otherwise.

(b) If a claim under paragraph (a) of this Article 8 is not paid in full by the Corporation within sixty (60) days after it has been received in writing by the Corporation, except in the case of a claim for an Advancement of Expenses, in which case the applicable period shall be twenty (20) days, the Indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an Advancement of Expenses pursuant to the terms of an Undertaking, the Indemnitee shall be entitled to be paid also the expenses of prosecuting or defending such suit.

In (i) any suit brought by the Indemnitee to enforce a right of indemnification hereunder (but not in a suit brought by the Indemnitee to enforce a right to an Advancement of Expenses) it shall be a defense that the Indemnitee is not entitled to be indemnified or to have or retain such Advancement of Expenses under the Virginia Nonstock Corporation Act and (ii) any suit by the Corporation to recover an Advancement of Expenses pursuant to the terms of an Undertaking, the Corporation shall be entitled to recover such expenses only upon a Final Adjudication that the Indemnitee is not entitled to be indemnified or to have or retain such Advancement of Expenses under the Virginia Nonstock Corporation Act. Neither the failure of the Corporation (including the board of directors or independent legal counsel) to have made a determination prior to the commencement of such suit that indemnification of the Indemnitee is proper in the circumstances because indemnification is authorized or permitted under the Virginia Nonstock Corporation Act, nor an actual determination by the Corporation (including the board of directors or independent legal counsel) that indemnification is not authorized or permitted under the Virginia Nonstock Corporation Act, shall create a presumption that the Indemnitee is not entitled to

indemnification or be a defense to such suit. In any suit brought by the Indemnitee to enforce a right to indemnification or to an Advancement of Expenses hereunder, or by the Corporation to recover an Undertaking, the burden of proving that the Indemnitee is not entitled to be indemnified, or to have or retain such Advancement of Expenses, under this Article 8 or otherwise, shall be on the Corporation.

(c) The rights to indemnification and to the Advancement of Expenses conferred in this Article 8 shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, these Articles of Incorporation, any by-law, agreement or vote of disinterested directors or otherwise.

(d) The Corporation may maintain insurance, at its expense, to protect itself and any director, trustee, officer, employee or agent of the Corporation or Another Enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the Virginia Nonstock Corporation Act.

[8.]9. Perpetual Existence and Dissolution. The Corporation shall have a perpetual existence unless superseding legislation is enacted by the United States Congress to dissolve or otherwise modify the Municipal Securities Rulemaking Board. Such legislation would specify the method of disposition and recipients of the Board's assets.

IN WITNESS THEREOF, I have signed my name this _____ day of [April, 1989]
_____.

MUNICIPAL SECURITIES RULEMAKING BOARD

By: _____
Christopher A. Taylor
[Incorporator] President
[for the] Municipal Securities Rulemaking Board

* * * * *

**By-Laws of the
Municipal Securities Rulemaking Board**

Article 1. Definitions

As used in these By-laws, the following terms shall have the following meanings:

- (a) “Board” shall mean the Municipal Securities Rulemaking Board.
- (b) “Member” shall mean a director of the Municipal Securities Rulemaking Board.
- (c) “Act” shall mean the Securities Exchange Act of 1934, 15 U.S.C. 78a, *et seq.*, as amended from time to time.
- (d) “Commission” shall mean the Securities and Exchange Commission.

Article 2. Powers of Board

Rule A-2. Subject to the provisions of the Act and the rules and regulations of the Commission thereunder, and other applicable law, the Board shall have the power to determine all matters relating to the operation and administration of the Board and to exercise all other rights and powers granted by the Act and other applicable law to the Board. Notwithstanding anything to the contrary in the Board’s rules or By-laws, no delegation will derogate from Board powers under the Act or other applicable law.

Article 3. Membership on Board

Rule A-3. (a) *Number and Representation*. The Board shall consist of 15 members, at all times equally divided among the following groups:

(i) *Public Representatives*. Individuals who are not associated with any broker, dealer, or municipal securities dealer (other than by reason of being under common control with, or indirectly controlling, any broker or dealer which is not a broker, dealer or municipal securities dealer that effects municipal securities transactions), at least one of whom shall be representative of investors in municipal securities, and at least one of whom shall be representative of issuers of municipal securities;

(ii) *Broker-Dealer Representatives*. Individuals who are associated with and representative of brokers, dealers and municipal securities dealers which are not banks or subsidiaries or departments or divisions of banks;

(iii) *Bank Representatives*. Individuals who are associated with and representative of municipal securities dealers which are banks or subsidiaries or departments or divisions of banks.

(b) *Increase or Decrease in Number*. The total number of members of the Board may be increased or decreased from time to time by rule of the Board, but in no event shall the total number of members of the Board be less than 15. Any such increase or decrease shall be in multiples of six so that the total number of members of the Board

shall always be an odd number, equally divided among the three groups of representatives enumerated in section (a) of this rule.

(c) Nomination and Election of Members.

(i) Members shall be nominated and elected in accordance with the procedures specified by this rule. All members of the Board shall be elected for terms of three years, so that the terms of office of one-third of the whole Board shall expire each year. The terms of office of all members of the Board shall commence on October 1 of the year in which elected and shall terminate on September 30 of the year in which their terms expire. No member of the Board may succeed himself or herself in office and no broker-dealer representative or bank representative may be succeeded in office by any person associated with the broker, dealer or municipal securities dealer with which such member was associated at the expiration of such member's term.

(ii) The Board will appoint a Nominating Committee composed of nine members. The membership of the Nominating Committee shall consist of six Board members and three persons who are not members of the Board. Of the six Board members, two shall be bank representatives, two shall be broker-dealer representatives, and two shall be public representatives. Of the three non-Board members, one shall be associated with and representative of bank dealers, one shall be associated with and representative of brokers, dealers, and municipal securities dealers other than bank dealers, and one shall not be associated with any broker, dealer, or municipal securities dealer (other than by reason of being under common control with, or indirectly controlling any broker or dealer which is not a broker, dealer or municipal securities dealer that effects municipal securities transactions). In appointing persons to serve on the Nominating Committee, factors to be considered include the need to achieve broad geographic representation on such Committee, as well as diversity in the size and type of brokers, dealers and municipal securities dealers represented on such Committee.

(iii) The Nominating Committee shall publish a notice in a financial journal having general national circulation among members of the municipal securities industry soliciting nominations for the positions on the Board to be filled in such year. The notice shall require that recommendations be accompanied by a statement of the position for which the person is recommended, the background and qualifications for membership on the Board of the person recommended and information concerning such person's association with any broker, dealer, or municipal securities dealer. The Nominating Committee shall accept recommendations pursuant to such notice for a period of at least 30 days. Any interested member of the public, whether or not associated with a

broker, dealer, or municipal securities dealer, may submit recommendations to the Nominating Committee. The names of all persons recommended to the Nominating Committee shall be made available to the public upon request.

(iv) The Nominating Committee shall nominate one person for each of the Board positions to be filled and shall submit the nominees to the Board for approval. In making such nominations, the Nominating Committee shall take into consideration such factors as the need to maintain broad geographic representation on the Board, as well as diversity in the size and type of brokers, dealers, and municipal securities dealers represented. Each nomination shall be accompanied by a statement indicating the position for which such person is nominated, the nominee's qualifications to serve as a member of the Board, and information concerning the nominee's association with any broker, dealer, or municipal securities dealer. The names of the nominees will be confidential.

(v) The Board shall accept or reject each nominee submitted by the Nominating Committee. In the event that the Board rejects a nominee, the Nominating Committee will propose another nominee for Board consideration.

(vi) The public representatives on the Board will, prior to their assumption of office, be subject to approval by the Commission to assure that no one of them is associated with any broker, dealer or municipal securities dealer (other than by reason of being under common control with, or indirectly controlling, any broker or dealer which is not a broker, dealer or municipal securities dealer that effects municipal securities transactions) and that at least one of the public representatives of the Board is representative of investors in municipal securities and at least one is representative of issuers of municipal securities.

(vii) Upon completion of the procedures for nomination and election of new Board members, the Board will announce the names of the new members not later than October 1 of each year.

(d) *Resignation and Removal of Members.* A member may resign from the Board by submitting a written notice of resignation to the Chairman of the Board which shall specify the effective date of such member's resignation. In no event shall such date be more than 30 days from the date of delivery of such notice to the Chairman. If no date is specified, the resignation shall become effective immediately upon its delivery to the Chairman. In the event the Board shall find that any member has willfully violated any provision of the Act, any rule or regulation of the Commission thereunder, or any rule of the Board or has abused his or her authority or has otherwise acted, or failed to act, so as to affect adversely the public interest or the best interests of the Board, the Board may, upon the affirmative vote of two-thirds of the whole Board (which shall include the

affirmative vote of at least one public representative, one broker-dealer representative and one bank representative), remove such member from office.

(e) *Vacancies*. Vacancies on the Board shall be filled by vote of the members of the Board, subject to the Commission's power of approval referred to in section (c) of this rule with respect to public representatives. Any person so elected to fill a vacancy shall serve for the term, or any unexpired portion of the term, for which such person's predecessor was elected. For purposes of this rule, the term "vacancies on the Board" shall include any vacancy resulting from the resignation of any person duly elected to the Board prior to the commencement of his or her term.

(f) *Compensation and Expenses*. The Board may provide for reasonable compensation of the MSRB Chair, Committee Chairs, members of the Board, and members of any Committee, including Committees made up entirely of non-Board members. The Board also may provide for reimbursement of actual and reasonable expenses incurred by such persons in connection with the business of the MSRB.

Article 4. Meetings

Rule A-4. (a) *Meetings*. Regular meetings of the Board shall be held at least quarterly and at such time and place as from time to time determined by resolution of the Board or provided by rule of the Board. Special meetings of the Board shall be called by the Secretary to the Board at the request of the Chairman of the Board or at the written request of not less than three members, which request shall in each case specify the purpose or purposes of the meeting. At special meetings, the Board shall consider only those specific matters for which the meeting was called, unless all members consent either at the meeting or in writing before or after the meeting to the consideration of other matters.

(b) *Notice of Meetings*. Notice of the time and place of special meetings of the Board shall be mailed to each member, at such member's address appearing in the records of the Board, not later than the seventh calendar day preceding the date on which the meeting is to be held, or by telephone, e-mail or personal delivery not later than the third calendar day preceding the date on which the meeting is to be held. Written notice of special meetings of the Board shall be signed by the Secretary to the Board. Notice of a special meeting shall also set forth the purpose or purposes of the meeting and the name or names of the person or persons at whose request the meeting is being called. Notice of a special meeting need not be given to any member who submits a signed waiver of notice before or after the meeting, or who attends the meeting without protesting, prior thereto or at the commencement thereof, the lack of notice to such member. No notice of regular meetings of the Board shall be required.

(c) *Quorum and Voting Requirements*. A quorum of the Board shall consist of two-thirds of the whole Board (at least one of whom shall be a public representative, one a broker-dealer representative and one a bank representative), and any action taken by the affirmative vote of a majority of the whole Board at any meeting at which a quorum is

present shall, except as otherwise provided by rule of the Board, constitute the action of the Board. Unless otherwise specified by the Act or by rule of the Board, action by the Board may be by resolution. Resolutions of the Board shall take effect immediately, unless a different effective date shall be specified therein.

(d) *Action Without a Meeting.* Action by the Board may be taken without a meeting by written consent of the Board setting forth the action so taken or by telephone or e-mail poll of all members of the Board, provided that, in the case of action taken by telephone or e-mail poll, the Board, at a meeting, or the chairman of the Board authorizes the action to be taken by such means. The Executive Director shall transmit to each Board member, as soon as practicable after a telephone or e-mail poll is taken, a written statement setting forth the question or questions with respect to which the telephone or e-mail poll was taken and the results of the telephone or e-mail poll. Such statement shall also be entered in the minutes of the next Board meeting. In the case of action taken without a meeting by written consent, telephone or e-mail poll, an affirmative vote of a majority of the whole Board is required.

Article 5. Officers and Employees of the Board

Rule A-5. (a) *Officers of the Board.* The officers of the Board shall consist of a Chairman and a Vice Chairman, and such other officers as the Board may deem necessary or appropriate. The Chairman shall preside at meetings of the Board. During the absence or inability to act of the Chairman, or while the office of Chairman is vacant, the Vice Chairman shall be vested with all of the powers and shall perform all of the duties of the Chairman. In the event of the absence of both the Chairman and Vice Chairman at any meeting of the Board, the Board may designate one of the members present as acting Chairman for the purpose of presiding at such meeting. The officers of the Board shall have such other powers and perform such other duties as the Board may determine by resolution.

(b) *Election of Officers of the Board.* Officers of the Board shall be elected annually from among the members, by secret, written ballot of the members, at a meeting of the Board held prior to October 1 of each year according to procedures adopted by the Board. Officers shall serve for a term commencing on the October 1 next following their election and ending with the succeeding September 30; *provided, however,* that any officer may resign his or her office prior to the expiration of his or her term by filing a written notice of resignation with the Secretary to the Board which shall specify the effective date of such resignation. In no event shall such date be less than 10 days or more than 30 days from the date of filing of such notice. If no date is specified, the resignation shall become effective 10 days from the date of filing. The Board may remove any officer at any time by two-thirds vote of the whole Board. Vacancies in office shall be filled as soon as practicable by vote of the members and any person elected to fill a vacancy shall serve only for the remainder of his or her predecessor's term.

(c) *Executive and Administrative Staff.* The staff of the Board shall consist of an Executive Director, a General Counsel, a Secretary to the Board, a Treasurer to the Board, and such other personnel as the Board shall deem necessary or appropriate. The duties and responsibilities of the Executive Director shall be as prescribed by the Board. The duties and responsibilities of all other staff shall be as prescribed by the Executive Director.

(d) *Attorneys, Consultants and Others.* The Board may retain such attorneys, consultants and other independent contractors as the Board may deem necessary or appropriate.

Article 6. Committees of the Board

Rule A-6. (a) *Establishment.* The Board may establish one or more standing or special committees, each to have and exercise such powers and authority as may be provided by the Board in the resolution establishing such committee; *provided, however,* that no such committee shall have the authority to exercise any of the powers and authority specifically [conferred upon the] required to be exercised by the entire Board by the Act or by rule of the Board or other applicable law. In all [such] matters, the role of any [such] committee shall be solely advisory. The Chairman of the Board shall be an *ex officio* member of each [such] committee.

(b) *Procedure.* The Board shall, by resolution, establish rules of procedure for each committee appointed by the Board, to the extent deemed necessary or appropriate by the Board. To the extent not so provided by the Board, each committee may determine its own rules of procedure.

Article 7. Assessments

Rule A-7. The Board shall, by rule, provide for the costs and expenses of its operation and administration by levying such fees and charges on brokers, dealers and municipal securities dealers as may be determined necessary or appropriate by the Board.

Article 8. Rulemaking Procedures

Rule A-8. (a) *Adoption of Proposed Rules and Submission to Commission.* The Board shall adopt such proposed rules as the Board shall deem necessary or appropriate to effect the purposes of the Act with respect to transactions in municipal securities effected by brokers, dealers and municipal securities dealers, including, as a minimum, proposed rules relating to those matters prescribed in section 15B(b)(2)(A) through (K) of the Act. Upon their adoption by the Board, the Board shall submit proposed rules to the Commission in accordance with the procedures set forth in section 19(b) of the Act and shall file such proposed rules with the appropriate regulatory agencies in accordance with the provisions of section 17(c) of the Act. A proposed rule of the Board shall become a rule of the Board upon its approval by the Commission, pursuant to section 19(b)(2) of the Act, or upon filing with the Commission in accordance with the provisions of section

19(b)(3)(A) of the Act, or upon the determination of the Commission in accordance with the provisions of section 19(b)(3)(B) of the Act. Documents required to be submitted to the Commission in connection with the proposed rules of the Board shall be signed on behalf of the Board by the Secretary of the Board, or by any person designated by the Board for that purpose by resolution.

(b) *Advisory Opinions and Interpretations.* The Board may from time to time render or cause to be rendered advisory opinions and interpretations of rules of the Board at the request of any interested person. Such opinions and interpretations shall represent the Board's intent in adopting the rules which are the subject of such opinions and interpretations.

(c) *Procedures.* The Board may from time to time prescribe and amend procedures relating to the administration of Board rules. Such procedures and amendments may be approved by the Board pursuant to rule A-4(d).

Each broker, dealer and municipal securities dealer shall be subject to such procedures and amendments thereto in the same manner as the broker, dealer and municipal securities dealer is subject to the rules of the Board.

Procedures and amendments thereto shall become effective no earlier than 10 business days after publication of such procedures and amendments.

(d) *Access to Board Rules and Other Action.* The Board shall establish procedures designed to provide access by all interested persons to rules of the Board and other official Board action, and otherwise to keep all interested persons informed and advised of all such rules and action.

Article 9. Fiscal Year

Rule A-9. The fiscal year of the Board shall commence on October 1 of each year and end on September 30 of the following year.

Article 10. Independent Audit

Rule A-10. The books and records of the Board shall be audited annually by independent certified public accountants selected by the Board, who shall certify the results of their audit to the Board not later than 90 days following the close of each fiscal year of the Board.

Article 11. Indemnification of Members and Employees

Rule A-11. 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.

Article 12. President

The President of the Board shall be the individual serving as the Executive Director. The President shall be responsible for the day to day operation of the Board and its offices, including the hiring, termination and assignment of responsibilities of all staff, including those who are serving as officers of the corporation. The President shall have such other duties and responsibilities as may be determined by the members of the Board.

Article 13. General Counsel

The General Counsel of the Board shall be responsible for the legal activities of the Board. The General Counsel shall have such other duties and responsibilities as may be determined by the Executive Director.

Article 14. Secretary, Treasurer, Assistant Secretary and Assistant Treasurer

(a) Secretary. The Secretary of the Board shall keep and maintain the minutes of all meetings of the Board, which shall be adopted by the members of the Board. The Secretary shall maintain written records of all resolutions, including all delegations of authority by the members of the Board. The Secretary also shall be the custodian of the Board's corporate seal. The Secretary shall have such other duties and responsibilities as may be determined by the Executive Director.

(b) Treasurer. The Treasurer of the Board shall be responsible for the financial affairs of the Board. This responsibility shall include the preparation, interpretation and dissemination of periodic financial reports to the Board. The Treasurer shall have such other duties and responsibilities as are determined by the Executive Director of the Board.

(c) Assistant Secretary and Assistant Treasurer. The Assistant Secretary [and Assistant Treasurer] shall exercise such duties and responsibilities as determined by the [Executive Director of the Board] Secretary of the Board. The Assistant Treasurer shall exercise such duties and responsibilities as determined by the Treasurer of the Board.

Article 15. Policies and Procedures

The members of the Board may adopt policies and procedures governing the administrative and rulemaking activities of the Board, which shall not be inconsistent with these By-Laws and the Act.

Article 16. Amendment of By-Laws Provisions other than Rules of the Board

Any addition or amendment to any By-Laws provisions that did not need to be and was not promulgated as a "Rule of the Board" pursuant to Section 19(b) of the Act, shall be adopted by resolution of the Board passed in accordance with Article 4(c) (Rule

A-4(c)) herein; provided that notice of the general nature of such proposed addition or amendment to the By-Laws shall be given to each Board member at least three days before the date of the Board meeting.

* * * * *

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-regulatory Organization

The MSRB adopted the proposed rule change at its February 15-16, 2006 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) Purpose

The MSRB is a Virginia nonstock corporation. Currently, MSRB Rule A-11 (and By-Law Article 11) contains an indemnification provision for Board members and employees. The Board is filing Restated Articles of Incorporation to include an expanded indemnification provision and to make other technical revisions. New Article 8 will permit the MSRB to indemnify directors, officers and employees or any person serving at the request of the Board as a director, trustee, officer, employee or agent of another corporation or of a partnership, joint venture, trust, or other enterprise, including service with respect to an employee benefit plan, to the fullest extent authorized under Virginia law. This provision also requires the advancement of expenses under certain circumstances. This indemnification provision must be included in the Articles of Incorporation to be effective. Once the proposed rule change is approved and the MSRB files and obtains approval for the Restated Articles of Incorporation by the State of Virginia, the MSRB will file with the SEC to delete Rule A-11 (and By-Law Article 11), for immediate effectiveness.

The technical revisions to the Articles also include deleting reference to the initial directors of the Board, moving language from Article 5(c) to 5(a), updating the Board’s Registered Agent and Registered Office, and clarifying that the limitation on liability of officers and directors will be to the fullest extent permitted by Virginia law, which prohibits limitation on liability of an officer or director if he engaged in willful misconduct or a knowing violation of criminal law.

The MSRB is also filing revisions to its By-Laws. In Article 2, Powers of Board, the MSRB is adding that the Board has powers granted by Virginia law, as well as by the Securities Exchange Act of 1934 (“Act”). In addition, the article clarifies that no delegation of authority lessens Board power. In Article 6, Committees of the Board, the

MSRB is clarifying that: (i) no Board committees shall have the authority to exercise any power specifically required to be exercised by the entire Board under Virginia law, as well as under the Act or any Board rule; and (ii) the last two sentences refer to any of the Board's committees. The revisions to the By-Laws also clarify in Article 14 the responsibilities of the Secretary, Treasurer, Assistant Secretary and Assistant Treasurer.

The first 11 By-Laws are Administrative Rules of the MSRB previously filed with and approved by the Commission. With this proposed rule change, the revisions to Articles 2 and 6 of the By-Laws include conforming changes to MSRB Rules A-2 and A-6.

(b) Statutory Basis

The MSRB believes that the proposed rule change is consistent with Section 15B(b)(2)(C) of the Act, which requires that the rules of the MSRB shall:

be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating ... transactions in municipal securities, to remove impediments to and perfect the mechanism of a free and open market in municipal securities, and, in general, to protect investors and the public interest.

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

4. 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.

5. Self-Regulatory Organization's Statement on Comments Received on the Proposed Rule Change by Members, Participants, and Others

Written comments were neither solicited nor received.

6. Extension of Time Period for Commission 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)

Not applicable.

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

Not applicable.

9. Exhibits

1. Federal Register Notice

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34- ; File No. SR-MSRB-2006-02)

SELF-REGULATORY ORGANIZATIONS

Proposed Rule Change by the Municipal Securities Rulemaking Board Relating to Restated Articles of Incorporation and By-Laws

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 March 20, 2006, the Municipal Securities Rulemaking Board (“MSRB” or “Board”) filed with the Securities and Exchange Commission (“Commission” or “SEC”) the proposed rule change 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 the MSRB’s Restated Articles of Incorporation and By-Laws. 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

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

The MSRB is a Virginia nonstock corporation. Currently, MSRB Rule A-11 (and By-Law Article 11) contains an indemnification provision for Board members and employees. The Board is filing Restated Articles of Incorporation to include an expanded indemnification provision and to make other technical revisions. New Article 8 will permit the MSRB to indemnify directors, officers and employees or any person serving at the request of the Board as a director, trustee, officer, employee or agent of another corporation or of a partnership, joint venture, trust, or other enterprise, including service with respect to an employee benefit plan, to the fullest extent authorized under Virginia law. This provision also requires the advancement of expenses under certain circumstances. This indemnification provision must be included in the Articles of Incorporation to be effective. Once the proposed rule change is approved and the MSRB files and obtains approval for the Restated Articles of Incorporation by the State of Virginia, the MSRB will file with the SEC to delete Rule A-11 (and By-Law Article 11), for immediate effectiveness.

The technical revisions to the Articles also include deleting reference to the initial directors of the Board, moving language from Article 5(c) to 5(a), updating the Board's Registered Agent and Registered Office, and clarifying that the limitation on liability of officers and directors will be to the fullest extent permitted by Virginia law, which

prohibits limitation on liability of an officer or director if he engaged in willful misconduct or a knowing violation of criminal law.

The MSRB is also filing revisions to its By-Laws. In Article 2, Powers of Board, the MSRB is adding that the Board has powers granted by Virginia law, as well as by the Act. In addition, the article clarifies that no delegation of authority lessens Board power. In Article 6, Committees of the Board, the MSRB is clarifying that: (i) no Board committees shall have the authority to exercise any power specifically required to be exercised by the entire Board under Virginia law, as well as under the Act or any Board rule; and (ii) the last two sentences refer to any of the Board's committees. The revisions to the By-Laws also clarify in Article 14 the responsibilities of the Secretary, Treasurer, Assistant Secretary and Assistant Treasurer.

The first 11 By-Laws are Administrative Rules of the MSRB previously filed with and approved by the Commission. With this proposed rule change, the revisions to Articles 2 and 6 of the By-Laws include conforming changes to MSRB Rules A-2 and A-6.

2. Statutory Basis

The MSRB believes that the proposed rule change is consistent with Section 15B(b)(2)(C) of the Act, which requires that the rules of the MSRB shall:

be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating ... transactions in municipal securities, to remove impediments to and perfect the mechanism of a free and open market in municipal securities, and, in general, to protect investors and the public interest.

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

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

The MSRB does not believe that the proposed rule change will result in any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

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

Within 35 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) by order approve such proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

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-2006-02 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-MSRB-2006-02. 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 principal office of the MSRB. 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-2006-02 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.³

Nancy M. Morris
Secretary

³ 17 CFR 200.30-3(a)(12).