



Municipal Securities Rulemaking Board

May 11, 2023

Vanessa Countryman
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: Response to Comments on File No. SR-MSRB-2023-03

Dear Ms. Countryman,

On March 28, 2023, the Municipal Securities Rulemaking Board (“MSRB”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) a proposed rule change, File No. SR-MSRB-2023-03, to amend MSRB Rule G-12, on uniform practice, and G-15, on confirmation, clearance, settlement and other uniform practice requirements with respect to transactions with customers, to define regular-way settlement for municipal securities transactions as occurring one business day after the trade date (“T+1”) and a proposed amendment to Rule G-12 to update an outdated cross-reference (the “proposed rule change”).¹ The proposed rule change was published for comment in the Federal Register on April 12, 2023.²

The MSRB appreciates the participation of commenters in the rulemaking process. The Commission received a total of three comment letters.³ As discussed below, two of the three commenters expressed support for the proposed rule change and no commenters objected to the proposed rule change. Below, the MSRB responds to the material aspects of the comments received.

Two commenters, SIFMA and ICI, expressed support for the proposed rule change related to the alignment of municipal securities settlement with regular-way settlement on T+1

¹ The proposed rule change is available at <https://www.msrb.org/sites/default/files/2023-03/SR-MSRB-2023-03.pdf>.

² See Securities Exchange Act of 1934 (“Exchange Act”) Release No. 97257 (April 6, 2023), 88 FR 22075 (April 12, 2023) (File No. SR-MSRB-2023-03).

³ See Letter from Leslie M. Norwood, Managing Director and Associate General Counsel, Securities Industry and Financial Markets Association (“SIFMA”) (May 3, 2023); Letter from RJ Rondini, Director, Securities Operations, Investment Company Institute (“ICI”) (May 2, 2023); and Letter from Gregory Babyak, Global Head of Regulatory Affairs, Bloomberg L.P. (“Bloomberg”) (May 3, 2023).

for equities and corporate bonds under Exchange Act Rule 15c6-1, as amended.⁴ Additionally, SIFMA encouraged the MSRB to consider further a rule consistent with SEC Rule 15c6-2, to improve the processing of institutional trades through new requirements for market participants related to same-day affirmations.⁵ As noted in the proposed rule change, the MSRB continues to evaluate whether a similar standard may be appropriate for the municipal securities market.⁶ We expect to engage stakeholders to inform this continued evaluation.

One commenter, Bloomberg, encouraged the MSRB and the SEC to consider permitting market participants a choice among financial identifiers for required reporting and for other regulatory use cases as specified in the MSRB's rules.⁷ The MSRB appreciates this feedback but believes that the comment is outside of the scope of the proposed rule change and should be considered separately.

In conclusion, the MSRB continues to believe that the proposed rule change is reasonable and that the proposed rule change is necessary and appropriate to reduce operational risks, which can promote investor protection, help reduce risk of counterparty default and the capital required to mitigate this risk.

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If you have any questions, please feel free to contact me, at 202-838-1500.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Saliha Olgun', with a stylized flourish at the end.

Saliha Olgun
Interim Chief Regulatory Officer

⁴ See Exchange Act Release No. 96930 (Feb. 15, 2023), 88 FR 13872 (Mar. 6, 2023) (File No. S7-05-22).

⁵ SIFMA Letter at 2.

⁶ See 88 FR at 22076, n. 15.

⁷ Bloomberg Letter at 1.