

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-56478; File No. SR-MSRB-2007-03)

September 20, 2007

Self-Regulatory Organizations; Municipal Securities Rulemaking Board; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Delay the Implementation of Amendments to Rule G-27 on Supervision

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on September 14, 2007, the Municipal Securities Rulemaking Board (“MSRB” or “Board”), filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II and III below, which Items have been prepared by the MSRB. The MSRB has filed the proposal pursuant to Section 19(b)(3)(A) of the Act,³ and Rule 19b-4(f)(1) thereunder,⁴ which renders the proposal effective upon filing with the Commission. 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 proposing to delay, until February 29, 2008, implementation of the amendments to Rule G-27, on supervision, approved in File Number SR-MSRB-2006-10, and which are scheduled to be implemented on November 26, 2007. There are no new changes to the text of Rule G-27 as amended. The text of the proposed rule change is

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(1).

available on the MSRB's Web site (www.msrb.org), at the MSRB, 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 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

On May 22, 2007, the Commission approved File Number SR-MSRB-2006-10, which incorporated into Rule G-27 most of the requirements of NASD Rules 3010 (Supervision) and 3012 (Supervisory Control System), to help ensure a coordinated regulatory approach in the area of supervision and to facilitate inspection and enforcement. The Commission also granted the MSRB's request for a delayed effective date of November 26, 2007.

Shortly after approval of the amendments, MSRB staff began receiving inquiries from industry members indicating some confusion over which type of principal is required based on the activities conducted at branch offices and offices of supervisory jurisdiction. The MSRB is currently reviewing the amendments to Rule G-27 in light of these inquiries and anticipates publishing a notice in the near future addressing the questions and concerns raised. Pending the completion of such review and anticipated

publication of further guidance in this area, the MSRB has filed the proposed rule change for immediate effectiveness to immediately delay, until February 29, 2008, the implementation date of the recently approved amendments to Rule G-27, which otherwise would be implemented on November 26, 2007.

2. Statutory Basis

The MSRB believes that the proposed rule change is consistent with Section 15B(b)(2)(C) of the Act,⁵ which provides that the MSRB's rules 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, clearing, settling, processing information with respect to, and facilitating 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 believes that delaying the implementation date of the recently approved amendments to Rule G-27 will give brokers, dealers and municipal securities dealers the time needed to determine which, if any, of their personnel must be registered as a principal (either a municipal securities principal (Series 53) or a municipal fund securities limited principal (Series 51)) based on the activities undertaken at a branch office and/or office of supervisory jurisdiction.

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

The MSRB does not believe that the proposed rule change will impose any

⁵ 15 U.S.C. 78o-4(b)(2)(C).

burden on competition that is 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

The MSRB has received two letters requesting guidance on Rule G-27, as amended, from the College Savings Foundation and from Sutherland Asbill & Brennan, LLP. These commentators raised certain substantive questions regarding the application of the amendments. The MSRB is currently reviewing the amendments to Rule G-27 in light of these inquiries and anticipates publishing a notice in the near future addressing the questions and concerns raised.⁶ The commentators also requested that the MSRB delay the effective date of the amendments. The MSRB believes that it would be appropriate to delay the implementation of the amendments until February 29, 2008, in light of its pending review of questions on the amendments, anticipated publication of further guidance in this area, and desire to prevent firms from expending unnecessary time and expense in registering as principals certain people who may not need to be so registered.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The MSRB has designated this proposed rule change as constituting a stated policy, practice or interpretation with respect to the meaning, administration or enforcement of an existing MSRB rule under Section 19(b)(3)(A)(i) of the Act,⁷ and Rule

⁶ The MSRB believes that a notice should fully address such questions and concerns. If, however, the MSRB concludes that a notice is insufficient and that further rulemaking is necessary, the MSRB will file a separate rule change with the Commission.

⁷ 15 U.S.C. 78s(b)(3)(A)(i).

19b-4(f)(1) thereunder,⁸ which renders the proposed rule change effective upon filing with the Commission.

At any time within 60 days of this filing, the Commission may summarily abrogate this proposal if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.⁹

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-2007-03 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-MSRB-2007-03. 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

⁸ 17 CFR 240.19b-4(f)(1).

⁹ See 15 U.S.C. 78s(b)(3)(C).

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, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 am and 3:00 pm. 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-2007-03 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.¹⁰

Florence E. Harmon
Deputy Secretary

¹⁰ 17 CFR 200.30-3(a)(12).