

**By-Laws of the
Municipal Securities Rulemaking Board**
(effective October[May] 1, 2020[18])

Articles 1.-2. No change

Article 3. Board Membership; [on Board]Composition, Elections, Removal, Compensation

Rule A-3. (a) *Number and Representation.* The Board shall consist of 15[21] members who are individuals of integrity and knowledgeable of matters related to the municipal securities markets and are:

(i) **Public Representatives.** Eight[Eleven] individuals who are independent of any municipal securities broker, municipal securities dealer, or municipal advisor, of which:

- (1) at least one shall be representative of institutional or retail investors in municipal securities;
- (2) at least one shall be representative of municipal entities; and
- (3) at least one shall be a member of the public with knowledge of or experience in the municipal industry; and

(ii) **Regulated Representatives.** Seven[Ten] individuals who are associated with a broker, dealer, municipal securities dealer, or municipal advisor, of which:

- (1) at least one shall be associated with and representative of brokers, dealers or municipal securities dealers that are not banks or subsidiaries or departments or divisions of banks;
- (2) at least one shall be associated with and representative of municipal securities dealers that are banks or subsidiaries or departments or divisions of banks; and
- (3) at least [one, and not less than 30 percent of the total number of regulated representatives,]two shall be associated with and representative of municipal advisors and shall not be associated with a broker, dealer or municipal securities dealer.

(4) Affiliations. Two persons associated with the same broker, dealer, municipal securities dealer or municipal advisor shall not serve as members of the Board at the same time.

(b) *Nomination and Election of Members; Vacancies.*(i) Elections.

(1) Members shall be nominated and elected in accordance with the procedures specified by this rule. The 15[21] member Board shall be divided into four classes, one class being comprised of three[six] members and three classes being comprised of four[five] members, who serve four-year terms. The classes shall be as evenly divided in number as possible between public representatives and regulated representatives. The terms will be staggered and, each year, one class shall be nominated and elected to the Board. 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. A member may not serve more than six years[consecutive terms, unless special circumstances warrant that the member be nominated for a successive term or because the member served only a partial term as a result of filling a vacancy pursuant to section (d) of this rule, and a member may not serve more than two terms consecutively]. No broker-dealer representative, bank representative, or municipal advisor representative may be succeeded in office by any person associated with the broker, dealer, municipal securities dealer, or municipal advisor with which such member was associated at the expiration of such member's term except in the case of a Board member who serves a partial term as a result of filling a vacancy pursuant to paragraph (b)(iii) of this rule and succeeds himself or herself in office.

(2)[ii] Candidates for Board membership shall be nominated by a committee that meets the composition requirements described in Rule A-6.[(the "Nominating and Governance Committee") consisting of six public Board members and five Board members representing entities regulated by the MSRB. Among the six public Board members, at least one but no more than three shall be representative of institutional or retail investors in municipal securities, at least one but no more than three shall be representative of municipal entities, and at least one but no more than three shall be members of the public with knowledge of or experience in the municipal industry and not representative of investors or municipal entities. Among the representatives of entities regulated by the MSRB, at least one but no more than two shall be associated with and representative of brokers, dealers or municipal securities dealers that are not banks or subsidiaries or departments or divisions of banks, at least one but no more than two shall be associated with and representative of municipal securities dealers that are banks or subsidiaries or departments or divisions of banks, and at least one but no more than two shall be associated with and representative of municipal advisors and shall not be associated with brokers, dealers or municipal securities dealers. The Chair of the Nominating and Governance Committee shall be a public member. In appointing persons to serve on the Nominating and Governance Committee, factors to be

considered include, without limitation, diversity in the geographic location, size and type of brokers, dealers, municipal securities dealers, and municipal advisors represented on such Committee.]

(ii) Annual Elections.

(1) The [Nominating and Governance C] committee responsible for nominations shall publish a notice by means reasonably designed to provide broad dissemination to the public [in a financial journal having national circulation among members of the municipal securities industry and in a separate financial journal having general national circulation] soliciting applicants for the positions on the Board to be filled in such year.

(2) The notice shall require that an application [be submitted which] include[s] the category of representative for which the person is applying, the person's background and qualifications for membership on the Board and, if applicable, information concerning such person's association with any broker, dealer, municipal securities dealer, municipal advisor, municipal entity, or institutional investor. The [Nominating and Governance C] committee responsible for nominations shall accept applications 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, municipal securities dealer, municipal advisor, municipal entity, or institutional investor, may submit an application to the [Nominating and Governance C] committee.

([iv]3) The [Nominating and Governance C] committee responsible for nominations 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 and Governance C] committee shall take into consideration such factors as, without limitation, diversity in the geographic location, size and type of brokers, dealers, municipal securities dealers, and municipal advisors represented on the Board, as well as the background, experience, and knowledge of the municipal securities markets of the public Board members. Each nomination shall include the category of representative 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, if any, with a broker, dealer, municipal securities dealer, municipal advisor, municipal entity, or institutional investor. The names of the nominees shall be confidential.

([v]4) The Board shall accept or reject each nominee submitted by the [Nominating and Governance C] committee responsible for nominations. If the Board rejects a nominee, the [Nominating and Governance C] committee shall propose another nominee for Board consideration.

([vi]5) [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.] The names of all applicants who agreed to be considered by the [Nominating and Governance C]committee responsible for nominations shall be made available on the Board's website no later than one week after the announcement of the names of new Board members[for the following fiscal year].

[(vii) The Nominating and Governance Committee shall also be responsible for assisting the Board in fulfilling its oversight responsibilities regarding the effectiveness of the Board's corporate governance system.]

(iii) Elections to Fill Vacancies. Vacancies on the Board shall be filled by vote of the members of the Board. Any person so elected to fill a vacancy shall serve for the unexpired portion of the term, or any part thereof as designated by the Board at the time of election, for which such person's predecessor was elected, provided that no member may serve for more than six years, including any partial term.

(c) *Resignation, Disqualification and Removal [of Members]*.

(i) A member may resign from the Board by submitting a written notice of resignation to the Chair 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 Chair. If no date is specified, the resignation shall become effective immediately upon its delivery to the Chair.

(ii) If a member's change in employment or other circumstances results in a conflict with the requirements of section (a) of this rule the member shall be disqualified from serving on the Board as of the date of the change. If the Board determines that a member's change in employment or other circumstances does not result in disqualification pursuant to this paragraph but changes the category of representative in which the Board member serves, the member will remain on the Board pending a vote of the other members of the Board, to be taken within 30 days, determining whether the member is to be retained.

(iii) If [n the event]the Board [shall]finds 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 a majority of the public representatives and a majority of the regulated representatives[at least one public representative, one broker-dealer representative, one bank representative, and one municipal advisor representative]), remove such member from [office]the Board.

[(d) *Vacancies.* Vacancies on the Board shall be filled by vote of the members of the Board. 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.]

(d[e]) *Compensation and Expenses.* The Board may provide for reasonable compensation of the MSRB Chair, [C]committee Chairs, members of the Board, and members of any [C]committee, including [C]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.

[(f) *Affiliations.* Two persons associated with the same broker, dealer, municipal securities dealer, or municipal advisor shall not serve as members of the Board at the same time.]

(e[g]) *For purposes of this rule:*

(i) the term "Dodd-Frank Act" means the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203, 124 Stat. 1376 (2010).

(ii) the term "independent of any municipal securities broker, municipal securities dealer, or municipal advisor" means that the individual has "no material business relationship" with any municipal securities broker, municipal securities dealer, or municipal advisor. The term "no material business relationship" means that, at a minimum, the individual is not and, within the last five[two] years, was not associated with a municipal securities broker, municipal securities dealer, or municipal advisor, and that the individual does not have a relationship with any municipal securities broker, municipal securities dealer, or municipal advisor, whether compensatory or otherwise, that reasonably could affect the independent judgment or decision making of the individual. The Board[, or by delegation its Nominating and Governance Committee,] may determine that additional circumstances involving the individual constitute a "material business relationship" with a municipal securities broker, municipal securities dealer, or municipal advisor.

(iii) the terms "municipal advisor" and "municipal entity" have the meanings set forth in Section 975(e) of the Dodd-Frank Act.

(f) Transition.

(i) Notwithstanding any other provision of this rule, for the Board's fiscal years commencing October 1, 2020 and ending September 30, 2024, the Board shall transition to 15 Board members with four staggered classes, three of which will include four Board members and one of which will include three Board members. During this transitional period, Board members who were elected

prior to July 2020 and whose terms end on or after September 30, 2020 may be considered for term extensions of one year in order to facilitate the transition.

(ii) For the Board's fiscal year commencing on October 1, 2020, the Board shall consist of 17 members, 9 of whom are public representatives and 8 of whom are regulated representatives. During this period, the Board shall be composed in accordance with section (a) in all other respects.

(iii) The amendment to subsection (e)(ii) shall apply only to individuals who are elected after the date on which the amendment is effective.

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. The Chair of the Board may, and upon the written request of not less than three members shall, call a special meeting, the purpose or purposes of which shall be specified.[Special meetings of the Board shall be called by the Chair 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.] Meetings may be held either in person or through the use of any means of communication by which all persons participating may simultaneously hear each other (including through the use of captioning or other similar transcription means) during 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) No change

(c) *Quorum and Voting Requirements*. A quorum of the Board shall consist of two-thirds of the members of the whole Board, including a majority of the public representatives and a majority of the regulated representatives[(at least one of whom shall be a public representative, one a broker-dealer representative, one a bank representative and one a municipal advisor 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 unanimous 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 Chief Executive Officer 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.]

(e) Resolutions. 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.

Article 5. No change

Article 6. Committees of the Board

Rule A-6. (a)-(b) No change

(c) Public representative committee chairs. The chair of any committee that is responsible for assisting the Board in carrying out its responsibilities regarding the following matters shall be a public representative:

- i. governance
- ii. nominations, and
- iii. auditing.

(d) Nominations committee membership. A majority of the committee responsible for nominations to the Board shall be public representatives, and the committee, as a whole, shall be representative of the Board's membership.

Articles 7.-15. No change

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(e[c]) (Rule A-4(e[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.