

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-91175; File No. SR-MSRB-2021-01)

February 22, 2021

Self-Regulatory Organizations; Municipal Securities Rulemaking Board; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Extend the Compliance Date of Amended Form G-32

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act” or “Exchange Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on February 17, 2021 the Municipal Securities Rulemaking Board (“MSRB”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) 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 filed with the Commission a proposed rule change to extend the March 31, 2021 compliance date of previously approved amendments to Form G-32 until August 2, 2021 in order to provide brokers, dealers, and municipal securities dealers (collectively, “dealers”) additional time to operationalize compliance with the amended form (the “proposed rule change”). The MSRB has designated the proposed rule change as constituting a “noncontroversial” rule change under paragraph (f)(6) of Rule 19b-4 under the Act,³ which renders the proposal effective upon receipt of this filing by the Commission.

The text of the proposed rule change is available on the MSRB’s website at

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 17 CFR 240.19b-4(f)(6).

www.msrb.org/Rules-and-Interpretations/SEC-Filings/2021-Filings.aspx, 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 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 Commission approved amendments to MSRB Rule G-32, on disclosures in connection with primary offerings, in June 2019 ("Rule G-32 amendments").⁴ The Rule G-32 amendments included amendments to Form G-32 applicable to dealers acting as underwriters in the primary offering of municipal securities to collect and report new data elements through the MSRB's Electronic Municipal Market Access Dataport system (EMMA[®] Dataport) ("amended Form G-32").⁵ Amended Form G-32 is designed to ensure the MSRB receives information from underwriters to facilitate the MSRB's collection of market information to promote greater regulatory transparency in the municipal securities market. Underwriters are already required to input the majority of the amended Form G-32 data elements, as applicable, into the Depository

⁴ See Release No. 34-86219 (June 27, 2019), 84 FR 31961 (July 3, 2019) (File No. SR-MSRB-2019-07).

⁵ Id.

Trust Company’s New Issue Information Dissemination Service (“NIIDS”).⁶ Along with the data elements auto-populated from NIIDS, nine of the new data elements were identified as requiring manual completion, when applicable. Pursuant to the Commission’s approval of amended Form G-32, the MSRB established a November 30, 2020 compliance date for amended Form G-32.⁷

In March 2020, the United States declared a national emergency in response to the coronavirus disease (“COVID-19”) pandemic.⁸ Shortly thereafter in April 2020, the Commission approved an MSRB proposed rule change filed for immediate effectiveness to provide regulatory relief to dealers and municipal advisors (collectively “regulated entities”) in light of COVID-19 pandemic-related operational challenges and disruptions to normal business functions faced by these regulated entities.⁹ In the April 2020 filing, the MSRB, among other things, provided relief to dealers by extending the compliance date for the amended Form G-32 to March 31, 2021. The MSRB also stated in the April 2020 filing that it would continue to monitor the impact of COVID-19.¹⁰

⁶ Id. Completing Form G-32 is a requirement under Rule G-32. An underwriter must ensure that the data submitted on Form G-32 is accurate. Even if the underwriter initially enters the data into NIIDS and that data is, thereafter, auto-populated into the Form G-32, the underwriter is responsible for ensuring the submission of accurate information on Form G-32. See Release No. 34-85551 (April 2, 2019), 84 FR 14988 (April 8, 2019) (File No. SR-MSRB-2019-07) at notes 13-14.

⁷ See MSRB Notice 2019-21 (December 20, 2019), announcing the November 30, 2020 effective date for amendments to Form G-32 that the Commission approved on June 27, 2019.

⁸ See “Proclamation 9994 - Declaring a National Emergency Concerning the Novel Coronavirus Disease (COVID-19) Outbreak,” (March 13, 2020) at <https://www.govinfo.gov/content/pkg/DCPD-202000156/pdf/DCPD-202000156.pdf>, 85 FR 15337 (March 18, 2020).

⁹ See Release No. 34-88694 (April 20, 2020), 85 FR 23088 (April 24, 2020) (File No. SR-MSRB-2020-01).

¹⁰ Id.

In October 2020, the MSRB filed a proposed rule change to clarify how dealers acting as underwriters in the primary offering of municipal securities must manually complete three of the data fields on amended Form G-32 that previously had been described as auto-populated with NIIDS data (“new Form G-32 clarifying amendment”).¹¹ The Commission approved the new Form G-32 clarifying amendment, with a compliance date of March 31, 2021, on December 9, 2020.¹² As a result of the new Form G-32 clarifying amendment, underwriters are on notice that there are 12, rather than nine, data fields that, when applicable, underwriters must manually complete with accurate information.

The MSRB recognizes that the impacts of the COVID-19 pandemic persist, including ongoing safety concerns and continuing operational challenges for dealers.¹³ Specifically, the MSRB understands that the pandemic continues to affect dealers’ ability to wholly operationalize the changes necessary to implement the new Form G-32 amendments by the March 31, 2021 compliance date. For example, dealers need additional time to develop and test applicable

¹¹ See Release No. 34-90248 (October 22, 2020) 85 FR 68395 (October 28, 2020) (File No. SR-MSRB-2020-08). The three additional manually submitted data elements were originally included with the 57 NIIDS auto-populated data elements identified by the MSRB for collection in the 2019 rule filing. Accordingly, presently there are 66 new data elements included on amended Form G-32, including 54 data elements submitted to NIIDS and auto-populated to amended Form G-32, and 12 additional data elements that must be submitted manually to EMMA Dataport, as applicable. Id.

¹² See Release No. 34-90611 (December 9, 2020), 85 FR 81248 (December 15, 2020) (File No. SR-MSRB-2020-08).

¹³ In December 2020, the SEC approved an additional MSRB proposed rule change for immediate effectiveness that provided further COVID-19 pandemic-related regulatory relief to regulated entities from certain other MSRB rule requirements outside of Rule G-32. See Release No. 34-90621 (December 9, 2020), 85 FR 21854 (December 15, 2020) (File No. SR-MSRB-2020-09).

compliance processes and procedures prior to the compliance date and to conduct staff training necessary to effectively implement the new Form G-32 amendments.¹⁴

The MSRB published the updated “EMMA Dataport Manual for Primary Market Submissions” (“manual”) on January 29, 2021.¹⁵ While the MSRB previously provided dealers with access to the new amended Form G-32 in October 2020 through the new Form G-32 clarifying amendment, the MSRB believes providing a further extension of time from March 31, 2021 to August 2, 2021, will afford dealers the time they deem necessary to implement policies and procedures and to conduct appropriate staff training to effectively operationalize compliance with new Form G-32.

2. Statutory Basis

The MSRB believes that the proposed rule change is consistent with Section 15B(b)(2)(C) of the Exchange Act,¹⁶ 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 and municipal financial products, to remove impediments to and perfect the mechanism of a free and open market in municipal securities and municipal financial products, and, in general, to protect investors, municipal entities, obligated persons, and the public interest.

¹⁴ For example, dealers informed the MSRB that information required to complete manual submission of certain new data elements must be obtained from their fixed income trading desks and then reported to EMMA Dataport by back-office personnel responsible for such data entry. Dealers must identify appropriate staff and create procedures to operationalize the new information gathering and amended Form G-32 reporting process.

¹⁵ See “Emma Dataport Manual for Primary Market Submissions,” Version 3.0, January 2021, effective August 2021.

¹⁶ 15 U.S.C. 78o-4(b)(2)(C).

The proposed rule change does not alter any rule language but provides dealers with additional time to comply with certain obligations under MSRB Rule G-32. In addition, the proposed rule change will alleviate some of the operational challenges dealers may be experiencing and allow them to more effectively allocate resources to implement new Form G-32 effectively, which would (1) promote just and equitable principles of trade, (2) foster cooperation and coordination with persons engaged in regulating and processing information with respect to transactions in municipal securities, and (3) remove impediments to and perfect the mechanism of a free and open market in municipal securities. The proposed rule change would promote just and equitable principles of trade by providing additional time for dealers to establish compliance procedures to ensure that all applicable fields are complete and accurate. In turn, more accurate and complete information will enhance the MSRB's regulatory transparency initiatives and facilitate the MSRB's own usage of data, which the MSRB believes helps remove impediments to, and promotes the mechanisms of a free and open market and fosters cooperation and coordination with persons engaged in regulating and processing information with respect to transactions in municipal securities.

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

Section 15B(b)(2)(C) of the Act requires that MSRB rules be designed not to impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.¹⁷ The MSRB does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the Exchange Act. The goal of the proposed rule change is to grant additional time for dealers to meet certain obligations under

¹⁷ Id.

Rule G-32 during the exigent circumstances of the COVID-19 pandemic but would not alter their underlying obligations under MSRB rules.

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 on the proposed rule change.

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

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act¹⁸ and Rule 19b-4(f)(6)¹⁹ thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change 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.

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-2021-01 on the subject line.

¹⁸ 15 U.S.C. 78s(b)(3)(A).

¹⁹ 17 CFR 240.19b-4(f)(6).

Paper Comments:

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

All submissions should refer to File Number SR-MSRB-2021-01. 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 website (<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 website viewing and printing 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 the filing also will be available for inspection and copying at the principal office of the MSRB. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-MSRB-2021-01 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, pursuant to delegated authority.²⁰

J. Matthew DeLesDernier
Assistant Secretary

²⁰ 17 CFR 200.30-3(a)(12).