

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-53616; File No. SR-MSRB-2006-02)

April 7, 2006

Self-Regulatory Organizations; Municipal Securities Rulemaking Board; Notice of Filing  
of Proposed Rule Change Relating to Restated Articles of Incorporation and By-Laws

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and  
Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on March 20, 2006, the Municipal  
Securities Rulemaking Board (“MSRB” or “Board”) 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 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  
received on the proposed rule change. The text of these statements may be examined at

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

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,<sup>3</sup> 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

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<sup>3</sup> 15 U.S.C. 78o-4(b)(2)(C).

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,<sup>4</sup> 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

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<sup>4</sup> 15 U.S.C. 78o-4(b)(2)(I).

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](mailto: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 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

filings also will be available for inspection and copying at the MSRB's offices. 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.<sup>5</sup>

Nancy M. Morris  
Secretary

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<sup>5</sup> 17 CFR 200.30-3(a)(12).