

TEXT OF PROPOSED RULE CHANGE¹**Rule A-12: Registration** [Initial Fee]

(a) *Registration Requirements.* Each broker, dealer and municipal securities dealer prior to engaging in municipal securities activities must register with the Board, and each municipal advisor prior to engaging in municipal advisory activities must register with the Board. Registration will not become effective until the broker, dealer, municipal securities dealer or municipal advisor is notified by the Board that its Form A-12 is complete and its initial registration fee and annual registration fee have been received and processed. Prior to registering with the Board, each broker, dealer, municipal securities dealer, and municipal advisor must:

(i) Register as such with, and be approved by, the Commission; and

(ii) As applicable, notify a registered securities association or appropriate regulatory agency of its intent to engage in municipal securities and/or municipal advisory activities and provide the Board, on Form A-12, with a written statement evidencing such notification.

(b) *Initial Registration Fee.* Each broker, dealer, municipal securities dealer and municipal advisor shall pay to the Board an initial registration fee of \$100, which shall be payable in the manner provided by the MSRB Registration Manual. A firm registering as a broker, dealer or municipal securities dealer and as a municipal advisor need only pay one initial registration fee, so long as such firm remains continuously registered with the Board.

(c) *Annual Registration Fee.* As part of its initial registration and annually thereafter, based on the fiscal year of the Board, each broker, dealer, municipal securities dealer and municipal advisor shall pay to the Board an annual registration fee of \$500. The annual registration fee shall be payable in the manner provided by the MSRB Registration Manual. Subsequent to initial registration, the annual registration fee is due by October 31 each year. For any broker, dealer, municipal securities dealer or municipal advisor that registers and pays an annual registration fee during the month of September, the annual registration fee for the following fiscal year beginning in October shall be waived.

(d) *Late Fees.* Any broker, dealer, municipal securities dealer or municipal advisor that fails to pay any fee assessed under this rule or Rule A-13 within 30 days of the invoice date shall pay a monthly late fee of \$25 and a late fee on the overdue balance, computed according to the Prime Rate, as provided for in the MSRB Registration Manual, until paid.

(e) *Registration Designation.* Any broker, dealer, municipal securities dealer or municipal advisor that is registered with the Board may use the designation “MSRB registered” in its advertising, including on its website.

¹ Underlining indicates new language; bracketed language denotes deletions.

(f) *Designated Contacts.* Each broker, dealer, municipal securities dealer and municipal advisor must designate, on Form A-12, a Primary Regulatory Contact, Master Account Administrator, Billing Contact, Compliance Contact, and Primary Data Quality Contact, and may designate one or more of the following contacts for purposes of communication between the firm and the Board: Optional Regulatory Contact, Optional Technical Contact, or Optional Data Quality Contact. Each Primary and Optional Regulatory Contact shall, in the case of brokers, dealers, or municipal securities dealers, be a registered municipal securities principal (Series 53 or, in the case of a firm solely engaged in municipal fund securities business, Series 51 or 53) of the broker, dealer or municipal securities dealer and who shall be authorized to receive official communications from the Board. Each Primary and Optional Regulatory Contact shall, in the case of municipal advisors, be authorized to receive official communications from the Board. It shall be the responsibility of the Billing Contact to receive Board invoices and to respond to any Board inquiries regarding fees.

(g) *Trade Reports.* Each broker, dealer and municipal securities dealer shall provide to the Board, prior to registering with the Board, the information required by Form A-12 to ensure that its trade reports can be processed correctly, or shall confirm that it qualifies for the exemption for trade reporting pursuant to Rule G-14(b)(v) and shall update such information promptly to ensure its continued accuracy.

(h) *Compliance with Regulatory Requests.* Each broker, dealer, municipal securities dealer and municipal advisor, as a function of its registration with the Board, shall comply with any request by the Board, registered securities association or appropriate regulatory agency for required information within 15 days or such longer period as may be agreed to by the Board, registered securities association or the appropriate regulatory agency.

(i) *Form A-12 Reporting Requirements.* Each broker, dealer, municipal securities dealer and municipal advisor shall provide to the Board, prior to registration with the Board, the information required by Form A-12 in a designated electronic format and in such manner as set forth in the MSRB Registration Manual.

(j) *Form A-12 Updates and Withdrawal.* A broker, dealer, municipal securities dealer or municipal advisor must update Form A-12 within 30 days, if any information therein becomes inaccurate or if it ceases to be engaged in municipal securities or municipal advisory activities, whether voluntarily or involuntarily through a regulatory or judicial bar, suspension or otherwise, and provide the Board with a description of, and reason for, its change in registration status, if other than a voluntary withdrawal. Changes to business activities or registration status on Form A-12 must be submitted by the Primary Regulatory Contact, Optional Regulatory Contact or Compliance Contact.

(k) *Form A-12 Annual Affirmation.* Each broker, dealer, municipal securities dealer and municipal advisor shall review, update as necessary, and affirm the information in Form A-12 during the Annual Affirmation Period that commences on January 1 of each calendar year and ends 17 business days thereafter. The annual affirmation must be completed by the Primary Regulatory Contact, Optional Regulatory Contact or Compliance Contact designated by the firm.

Any broker, dealer, municipal securities dealer or municipal advisor that submits its initial Form A-12 during the Annual Affirmation Period need not affirm Form A-12 during that period.

(l) *MSRB Registration Manual*. The MSRB Registration Manual, as updated or amended from time to time, is comprised of the specifications for the reporting of information required under this rule, the instructions for submitting Form A-12, and other information relevant to payments and reporting under this rule. The MSRB Registration Manual is located at www.msrb.org.

[Prior to effecting any transaction in or inducing or attempting to induce the purchase or sale of any municipal security, or engaging in municipal advisory activities, a broker, dealer, municipal securities dealer, or municipal advisor shall pay to the Board an initial fee of \$100, accompanied by a written statement setting forth the name, address and Securities and Exchange Commission registration number of the broker, dealer, municipal securities dealer, or municipal advisor on whose behalf such fee is paid. The Commission registration number shall also be set forth on the face of the remittance. Such fee shall be payable at the offices of the Board. In the event any person subject to this rule shall fail to pay the required fee, the Board may recommend to the Commission that the registration of such person with the Commission be suspended or revoked. No municipal advisor shall be in violation of this rule for failure to pay this initial fee in advance of January 1, 2011.]

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Rule G-14: Reports of Sales or Purchases

(a) No change.

(b) *Transaction Reporting Requirements*.

(i) - (iii) No change.

(iv) The provisions of this section (b) shall not apply to a dealer if such dealer does not effect any transactions in municipal securities or if such dealer's transactions in municipal securities are limited exclusively to transactions described in subsection (b)(v) of this rule and the dealer has confirmed that it is qualified for this exemption as provided in Rule A-12(g).

[Each dealer shall provide to the Board on Form RTRS information necessary to ensure that its trade reports can be processed correctly. Such information includes the manner in which transactions will be reported, the broker symbol used by the dealer, the identity of and information on any intermediary to be used as a Submitter, information on personnel that can be contacted if there are problems in RTRS submissions, and information necessary for systems testing with RTRS. Information provided on Form RTRS shall be kept current by notifying the MSRB when contact information or other information provided on the form changes.]

[(v) *Testing Requirements*. Prior to submitting transaction data under RTRS Procedures, a dealer must successfully test its ability to interface with RTRS as described in the RTRS Users Manual.]

~~(v)~~[(vi)] No change.

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Rule G-14: RTRS Procedures

(a) - (b) No change.

(c) *RTRS Users Manual*. The RTRS Users Manual is comprised of the Specifications for Real-Time Reporting of Municipal Securities Transactions, the Users Guide for RTRS Web, [Testing Procedures,] guidance on how to report specific types of transactions and other information relevant to transaction reporting under Rule G-14. The RTRS Users Manual is located at www.msrb.org and may be updated from time to time with additional guidance or revisions to existing documents.

(d) No change.

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[Rule A-14: Annual Fee]

[In addition to any other fees prescribed by the rules of the Board, each broker, dealer, municipal securities dealer, and municipal advisor shall pay an annual fee to the Board of \$500, with respect to each fiscal year of the Board in which the broker, dealer, municipal securities dealer, or municipal advisor conducts municipal securities activities or municipal advisory activities. Except as set forth below, such fee must be received at the office of the Board no later than October 31 of the fiscal year for which the fee is paid, accompanied by the invoice sent to the broker, dealer, municipal securities dealer, or municipal advisor by the Board, or a written statement setting forth the name, address and Commission registration number of the broker, dealer, municipal securities dealer, or municipal advisor on whose behalf the fee is paid. No municipal advisor shall be in violation of this rule for failure to pay this annual fee in advance of January 1, 2011.]

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[Rule A-15: Notification to Board of Change in Status or Change of Name or Address]

[(a) *Procedure for Notifying Board of Change in Status*. A broker, dealer, municipal securities dealer, or municipal advisor must promptly notify the Board if it ceases to be engaged in municipal securities activities or municipal advisory activities, whether voluntarily or because it has been barred or suspended from engaging in municipal securities activities or municipal advisory activities by the appropriate regulatory agency, judicial authority or otherwise. A broker, dealer, or municipal securities dealer must also notify the Board if it has been expelled or suspended from membership or participation in a national securities exchange or registered securities association. Any notification required by this rule shall be provided in a written statement setting forth such broker's, dealer's, municipal securities dealer's, or municipal

advisor's name, address, Commission registration number, and a description of, and the reasons for, its change in status.]

[(b) *Obligation to Pay Fees.* A broker, dealer, municipal securities dealer, or municipal advisor that files notification with the Board pursuant to section (a) of this rule shall be obligated to pay the fees owed to the Board at the time of filing of such notification.]

[(c) *Notification of Name or Address Change.* Each broker, dealer, municipal securities dealer, or municipal advisor that has followed the procedure set forth in Board Rule A-12 shall notify the Board promptly of any changes to the information required by Rule A-12.]

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[Rule G-40: Electronic Mail Contacts]

[(a) (i) Each broker, dealer, municipal securities dealer, or municipal advisor shall maintain an Internet electronic mail account to permit communication with the MSRB, and shall appoint a Primary Electronic Mail Contact to serve as the official contact person for purposes of electronic mail communication between the broker, dealer, municipal securities dealer, or municipal advisor and the MSRB. Each Primary Electronic Mail Contact of a broker, dealer, or municipal securities dealer shall be a registered municipal securities principal (Series 53 or Series 51) of the broker, dealer or municipal securities dealer.]

[(ii) Each broker, dealer, municipal securities dealer, or municipal advisor may appoint an Optional Electronic Mail Contact for purposes of electronic mail communication between the broker, dealer, municipal securities dealer, or municipal advisor and the MSRB.]

[(b) (i) Upon completion of its Rule A-12 submissions and assignment of an MSRB Registration Number, each broker, dealer, municipal securities dealer, or municipal advisor shall electronically submit to the MSRB a completed Form G-40 setting forth, in the prescribed format, the following information:]

[(A) The name of the broker, dealer, municipal securities dealer, or municipal advisor and the date.]

[(B) The MSRB Registration Number of the broker, dealer, municipal securities dealer, or municipal advisor, including any separate MSRB Registration Number assigned if registered both as a municipal advisor and a broker, dealer, or municipal securities dealer.]

[(C) The name of the Primary Electronic Mail Contact, and his/her electronic mail address and telephone number.]

[(D) The name of the Optional Electronic Mail Contact, if any, and his/her electronic mail address and telephone number.]

[(E) The name, title and telephone number of the person who prepared the form.]

[(F) In the case of a municipal advisor, the categories of municipal advisor that describe the municipal advisor as provided on Form G-40.]

[(ii) A broker, dealer, municipal securities dealer, or municipal advisor may change the information previously provided by electronically submitting to the MSRB an amended Form G-40. In addition, each broker, dealer, municipal securities dealer, or municipal advisor shall update its information promptly, but in any event not later than 30 days following any change in such information.]

[(c) (i) Each broker, dealer, municipal securities dealer, or municipal advisor shall review and, if necessary, update its information and submit such information electronically to the MSRB within 17 business days after the end of each calendar year.]

[(ii) Any broker, dealer, municipal securities dealer, or municipal advisor that, during the 17 business-day update period, submits its initial Form G-40 or modifies or affirms its information shall be deemed to be in compliance with the annual update requirement applicable to the year immediately preceding that 17 business-day update period.]

[(d) Each broker, dealer, municipal securities dealer, or municipal advisor shall promptly comply with any request by the appropriate regulatory agency for required information, but in any event not later than 15 days following any such request, or such longer period that may be agreed to by the appropriate regulatory agency.]

[(e) No municipal advisor shall be in violation of this rule for failure to complete Form G-40 in advance of January 1, 2011.]

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FACILITY FOR REAL-TIME TRANSACTION REPORTING AND PRICE DISSEMINATION (THE “REAL-TIME TRANSACTION REPORTING SYSTEM” OR “RTRS”)

RTRS Facility

Improved Functionality.

No Change.

Submission of Transaction Reports by Intermediaries.

No Change.

Message-Based and Web-Based Input Methods.

No Change.

RTRS Portals.

No Change.

Measurement of Timely Reporting.

No Change.

Enhancement of Information Available to Regulators.

No Change.

RTRS Processing.

No Change.

[Testing Requirements. The Rule G-14 Procedures require dealers to test their use of RTRS before reporting any trades.]

[The requirement for testing and submission of a “Form RTRS” with the name of a contact person is reflected in Rule G-14.]

Price Dissemination by RTRS

No Change.

MSRB Real-Time Transaction Data Subscription Service

No Change.

MSRB Historical Transaction Data Product

No Change.