



8011-01
SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-79225; File No. SR-MSRB-2016-13)

November 3, 2016

Self-Regulatory Organizations; Municipal Securities Rulemaking Board; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend the Requirements in MSRB Rule A-4, on Meetings of the Board, Regarding the Formation of a Quorum

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act” or “Exchange Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on October 24, 2016, the Municipal Securities Rulemaking Board (the “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 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 amendment to MSRB Rule A-4, on meetings of the Board, to amend the requirements regarding the formation of a quorum (the “proposed rule change”). The MSRB has designated the proposed rule change as concerned solely with the administration of the self-regulatory organization under paragraph (f)(3) of Rule 19b-4 under the Act,³ which renders the proposal effective upon receipt of this filing by the Commission. The proposed rule change is concerned solely with the administration of the MSRB

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 17 CFR 240.19b-4(f)(3).

in that it simply amends the quorum requirements applicable to the Board. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

The text of the proposed rule change is available on the MSRB's website at www.msrb.org/Rules-and-Interpretations/SEC-Filings/2016-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 Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act")⁴ amended Section 15B of the Exchange Act⁵ to provide for the regulation by the Commission and the MSRB of municipal advisors. The Dodd Frank Act grants the MSRB broad rulemaking authority over municipal advisors and municipal advisory activities.⁶ The Dodd-Frank Act also requires that the MSRB Board include persons associated with a municipal

⁴ Pub. Law No. 111-203, 124 Stat. 1376 (2010).

⁵ 15 U.S.C. 78o-4.

⁶ See Section 15B(b)(2) of the Exchange Act (15 U.S.C. 78o-4(b)(2)).

advisor. Specifically, Section 15B(b)(1) of the Exchange Act⁷ requires that the MSRB Board include at least one individual who is associated with a municipal advisor (an “advisor representative”) among the members of the Board that are “regulated representatives,” as that term is used in Section 15B(b)(1).⁸ The composition of the MSRB Board reflects and complies with this requirement.

The MSRB has adopted administrative rules that pertain to the operation and administration of the Board, which are identified by the prefix A,⁹ and include MSRB Rule A-4, regarding quorum and voting requirements. Existing Rule A-4(c) provides that a quorum of the Board shall consist of two-thirds of the members of the whole Board, which must include at least one member of the Board who is a public representative, at least one member who is a broker-dealer representative and at least one member who is a bank representative. Existing Rule A-4(c) also provides that 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. Rule A-4(c) also provides for Board action by resolution, except where otherwise specified by the Exchange Act or a rule of the Board.

The MSRB proposes to amend Rule A-4(c) to incorporate a requirement that at least one member of any Board group constituting a quorum be an advisor representative. The proposed rule change ensures representation of all categories of persons required to be members of the Board in any quorum established under Rule A-4. The MSRB also proposes minor technical amendments to Rule A-4(c) to clarify the provision.

⁷ 15 U.S.C. 78o-4(b)(1).

⁸ Id.

⁹ See MSRB Rule A-1.

2. Statutory Basis

The MSRB has adopted the proposed rule change pursuant to Sections 15B(b)(1) and (2) of the Exchange Act,¹⁰ which require, among other things, that the Board include at least one individual who is associated with a municipal advisor, and the rules of the Board establish fair procedures for the nomination and election of members of the Board and assure fair representation in such nominations and elections of public representatives, broker-dealer representatives, bank representatives, and advisor representatives and the terms that shall be served by such members. The MSRB believes the proposed rule change is appropriate and consistent with Sections 15B(b)(1) and (2) of the Exchange Act¹¹ in that the proposed rule change would amend the quorum requirements in a manner consistent with requirements regarding the composition of the Board that were previously put in place.¹² The MSRB also believes the proposed rule change appropriately complements the Board's governance procedures that are structured to obtain the diverse views of the public and various entities that are subject to the MSRB's regulation and oversight and to provide for their representation in the decision-making processes of the Board.

¹⁰ 15 U.S.C. 78o-4(b)(1)-(2).

¹¹ Id.

¹² See Securities Exchange Act Release No. 63025 (Sept. 30, 2010), 75 FR 61806 (Oct. 6, 2010) (File No. SR-MSRB-2010-08) (SEC order approving amendments to Rule A-3 to provide for, among other requirements, municipal advisor representation on the MSRB Board).

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

Section 15B(b)(2)(C) of the Act¹³ requires that MSRB rules not be designed to impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The MSRB believes that the proposed rule change does not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act, in that the proposed rule change simply amends the quorum requirements applicable to the MSRB Board, and does not affect or impose a burden on competition.

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

The foregoing proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act¹⁴ and paragraph (f) of Rule 19b-4 thereunder.¹⁵ 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.

¹³ 15 U.S.C. 78o-4(b)(2)(C).

¹⁴ 15 U.S.C. 78s(b)(3)(A).

¹⁵ 17 CFR 240.19b-4(f).

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-2016-13 on the subject line.

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-2016-13. 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; 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-2016-13 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, pursuant to delegated authority.¹⁶

Brent J. Fields
Secretary

¹⁶ 17 CFR 200.30-3(a)(12).

