

BDA Bond Dealers of America

10/6/21

Yesterday the SEC announced that it has approved changes to MSRB Rules G-10 and G-48 related to annual customer disclosures. BDA has been advocating for this change since January and we fully support the SEC's action.

Rule G-10 requires dealers to make certain annual disclosures to customers, including their registration status with the SEC and MSRB and a MSRB pamphlet on customer complaint resolution processes. The Rule requires disclosure to all customers, institutional and retail, regardless of whether they own or have ever traded municipal securities.

MSRB changes to G-10 and G-48 specify that annual disclosures will be required only for those customers who own municipal securities or who have conducted a municipal securities transaction since the last annual disclosure. The amendments also specify that these disclosures may be transmitted by either an introducing broker or that broker's clearing firm. An amendment adopted by the MSRB after transmitting the proposal to the SEC for approval specifies that the arrangement between an introducing and clearing broker as to which will transmit required disclosures does not have to be memorialized in a carrying agreement, as requested by BDA in our final comment letter on the issue.

Changes approved by the SEC also specify that annual disclosures do not need to be made to Sophisticated Municipal Market Professionals (SMMPs) as long as the disclosure information is available on the dealer's Web site. The changes also provide flexibility on the timing of annual disclosures as long as each customer required to receive disclosures receives them at least every 12 months and make other technical and conforming changes.

BDA first proposed amending Rule G-10 in our January letter to the MSRB on strategic priorities. We have encouraged the amendment process through our comment letters and advocacy and we support the SEC's approval of the MSRB's changes. The Rule amendments take effect immediately, not 30 days after publication in the Federal Register.

Yesterday's SEC announcement [is available here](#).

Thank you to all who supported BDA's advocacy around this issue. Please call or write if you have any questions.

Best,
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