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SEC Approves MSRB Interpretive Notice on Municipal Security Underwriters

May 16, 2012 | Client Update

The Securities and Exchange Commission has approved the Municipal Securities Rulemaking Board's Interpretive Notice concerning the application of MSRB's fair dealing rules – MSRB Rule G-17 – to municipal securities underwriters, which will become effective on August 2, 2012. MSRB Rule G-17 requires brokers, dealers and municipal securities dealers to deal fairly in conducting their municipal securities activities and not to engage in any deceptive, dishonest or unfair practices. The Interpretive Notice will impose new specific obligations on municipal securities underwriters relating to their representations and disclosures to issuers, among other areas. Of particular note is a requirement that municipal securities underwriters provide particularized, written risk disclosures when recommending "complex municipal securities financings."

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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