

**MEMO# 14744**

May 23, 2002

## **SEC APPROVAL OF MSRB INTERPRETIVE GUIDANCE CONCERNING TRANSACTIONS WITH SOPHISTICATED MUNICIPAL MARKET PROFESSIONALS**

[14744] May 23, 2002 TO: FIXED-INCOME ADVISORY COMMITTEE No. 6-02 RE: SEC APPROVAL OF MSRB INTERPRETIVE GUIDANCE CONCERNING TRANSACTIONS WITH SOPHISTICATED MUNICIPAL MARKET PROFESSIONALS The Securities and Exchange Commission has issued an order to the Municipal Securities Rulemaking Board approving its proposed rule change relating to transactions with sophisticated municipal market professionals.<sup>1</sup> As we previously informed you, last summer, the MSRB issued a revised draft release providing interpretive guidance on the application of various MSRB rules to SMMPs, including MSRB Rules G-17 (affirmative disclosure obligations), G-18 (fair and reasonable transaction prices), G-19 (suitability obligations), and G-13 (quotations).<sup>2</sup> Earlier this year, the MSRB finalized its revised draft guidance, leaving it largely unchanged from its earlier version, and filed an interpretive notice with the SEC.<sup>3</sup> The SEC's order approves that notice. Barry E. Simmons Associate Counsel 1 Self-Regulatory Organizations; MSRB; Order Granting Approval of Proposed Rule Change Relating to Transactions with Sophisticated Municipal Market Professionals, SEC Release No. 34-45849 (April 30, 2002); 67 Fed. Reg. 30743 (May 7, 2002). The Commission's release is available from the Federal Register at [http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=2002\\_register&docid=02-3232-filed.pdf](http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=2002_register&docid=02-3232-filed.pdf). 2 See Memorandum to Fixed-Income Advisory Committee No. 11-01, dated July 23, 2001. 3 See Memorandum to Fixed-Income Advisory Committee No. 1-02, dated February 1, 2002.