

MEMO# 33952

December 13, 2021

MSRB Issues Request for Information on ESG Practices in the Municipal Securities Market

[33952]

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TO: ICI Members
Investment Company Directors
529 Plan Advisory Committee
ESG Advisory Group
ESG Task Force
Municipal Securities Advisory Committee
SUBJECTS: Disclosure
ESG
Municipal Securities RE: MSRB Issues Request for Information on ESG Practices in the
Municipal Securities Market

The MSRB has issued a [Request for Information \(RFI\)](#) to solicit public input on environmental, social and governance (ESG) practices in the municipal securities market. The Board is seeking this input as part of its broader engagement on ESG trends in the municipal securities market to give all interested stakeholders an opportunity to provide their feedback. In particular, the Board is requesting further stakeholder dialogue regarding how best to enhance issuer protection, investor protection, and the overall fairness and efficiency of the municipal securities market in relation to: (1) the disclosure of information regarding ESG-related risk factors and ESG-related practices ("ESG-Related Disclosures") and (2) the labeling and marketing of municipal securities with ESG designations ("ESG-Labeled Bonds"). Comments are due by March 8, 2022.

The RFI notes that investor demand has led to the creation and marketing of ESG-designated municipal fund securities, such as some 529 plans and bond funds. To meet this demand, municipal issuers are labeling and marketing municipal securities as ESG-Labeled Bonds. The RFI also notes that at the present time, there no uniform standards for ESG-Related Disclosures or ESG-Labeled Bonds. In response, private vendors are offering ESG certification services, and certain industry associations have developed voluntary best practices and other tools to aid issuers in identifying and communicating material ESG-related information. Adherence to these industry-led standards is optional however, and the regulatory framework governing municipal securities presents challenges to more directly

standardizing ESG-Related Disclosures and ESG-Labeled Bonds. Consequently, the Board believes that ESG trends implicate important questions regarding issuer protection, investor protection, and the overall fairness and efficiency of the municipal securities market.

Although the RFI includes questions addressed to specific stakeholder groups, including municipal issuers (pages 4-5), investors in municipal securities (pages 5-7), dealers (page 7), and municipal advisors (pages 7-8), the Board encourages commenters to address any question upon which they are willing to share a view. The RFI also includes questions addressed to all municipal market participants (pages 8-9).

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