

**MEMO# 35573**

January 8, 2024

# MSRB Proposes Rule Amendments to Promote Same-Day Affirmation

[35573]

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TO: Municipal Securities Advisory Committee  
Operations Committee  
Securities Operations Advisory Committee  
Small Funds Sales and Marketing Subcommittee RE: MSRB Proposes Rule Amendments to Promote Same-Day Affirmation

On December 21, the Municipal Securities Rulemaking Board (MSRB) proposed, via a rule filing to the Securities and Exchange Commission (SEC),[\[1\]](#) amendments to MSRB Rule G-12 to require dealers effecting municipal securities transactions that are subject to the T+1 settlement[\[2\]](#) cycle to (1) enter into written agreements with "relevant parties"[\[3\]](#) to ensure allocation, confirmation, affirmation (or any combination) of a transaction as soon as technologically practicable on a same-day basis ("same-day affirmation"), or (2) adopt written policies and procedures reasonably designed to meet that standard.[\[4\]](#) The MSRB's proposal, which is intended to promote same-day affirmation and to facilitate compliance with T+1 settlement by the prescribed May 28 date,[\[5\]](#) would align with the SEC's recently adopted requirement under Rule 15c6-2. Although the SEC's own requirement technically does not apply to municipal securities transactions, the MSRB explains that there should be a consistent approach to that of equity and corporate bond transactions.

Comments on the MSRB's proposal are due on January 18. ICI plans to prepare a brief supportive comment letter. If you have any questions or concerns about our proposed approach, please contact RJ Rondini (rj.rondini@ici.org) or Nhan Nguyen (nhan.nguyen@ici.org).

Nhan Nguyen  
Assistant General Counsel, Securities Regulation

## Notes

[\[1\]](#) Self-Regulatory Organizations; Municipal Securities Rulemaking Board; Notice of Filing of

a Proposed Rule Change To Amend MSRB Rule G-12 To Promote the Completion of Allocations, Confirmations, and Affirmations by the End of Trade Date, Exchange Act Release No. 34-99226 (Dec. 21, 2023), 88 Fed. Reg. 89796 (Dec. 28, 2023), available at <https://www.govinfo.gov/content/pkg/FR-2023-12-28/pdf/2023-28612.pdf> ("MSRB Proposal").

[2] Last May, the SEC approved the MSRB's proposed rule amendment to facilitate shortening settlement in municipal security transactions to T+1, with a compliance date that aligns with the SEC's compliance date for T+1 settlement, i.e., May 28, 2024. See ICI Memorandum No. 35337 (June 5, 2023), available at <https://www.ici.org/memo35337>.

[3] Similar to the SEC, the MSRB specifies that "relevant parties" would include not only customers, but also investment advisers, custodians or other agents to the extent that those parties participate in the allocation, confirmation, and affirmation process. MSRB Proposal at 89798.

[4] The written policies and procedures must (1) identify and describe technology systems, operations, and processes that the dealer uses to coordinate with other relevant parties to ensure completion of allocation, confirmation or affirmation; (2) set target time frames; (3) describe the procedures for prompt communication of trade information to ensure that target time frames are met, among other things; (4) describe how a dealer identifies and addresses delays, including those caused by another party; and (5) measure, monitor and document rates of completion that occur on a same-day basis. Proposed MSRB Rule G-12(k)(iii)(A)-(E). The MSRB acknowledges that a dealer may not be able to complete same-day affirmation for every transaction in every circumstance, but it believes that reasonably designed procedures would be able to categorize the range of transactions and customers and estimate (as well as set) respective time frames. MSRB Proposal at 89799.

[5] The MSRB notes, however, that if the SEC's compliance date changes, then it would issue a notice to modify and align its compliance date with the SEC's date. Id.