



SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-105362; File No. SR-MSRB-2026-01]

Self-Regulatory Organizations; Municipal Securities Rulemaking Board; Notice of Filing of a Proposed Rule Change to Amend MSRB Rule G-12(c) to Codify and Retire or Revise Certain Existing Interpretive Guidance on Confirmation Requirements for Those Inter-Dealer Municipal Securities Transactions That are Ineligible for Automated Comparison

May 4, 2026.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act” or “Exchange Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on April 30, 2026, the Municipal Securities Rulemaking Board (“MSRB” or “Board”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the MSRB. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The MSRB filed with the Commission a proposed rule change relating to MSRB Rule G-12, on uniform practice (the “proposed rule change”). The proposed rule change would revise section (c) of Rule G-12 (“Rule G-12”) to codify into rule language and to retire or revise existing interpretive guidance on confirmation requirements for those inter-dealer municipal securities transactions between two brokers, dealers or municipal securities dealers (collectively, “dealers”) that are ineligible for automated comparison at a registered clearing agency, as well as to retire or revise other related interpretive guidance and to make technical amendments to simplify and clarify current rule requirements.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

If the Commission approves the proposed rule change, the MSRB would announce the effective date of the proposed rule change in a regulatory notice to be published on the MSRB website no later than 90 days following Commission approval. The effective date would be no later than one year following Commission approval.

The text of the proposed rule change is available on the MSRB's website at <https://msrb.org/2026-SEC-Filings> and at the MSRB's principal office.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the MSRB included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The MSRB has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

Section (c) of Rule G-12 sets forth the confirmation requirements for inter-dealer municipal securities transactions that are ineligible for automated comparison in a system operated by a registered clearing agency,³ also referred to herein as "inter-dealer confirmations."⁴ Since the original adoption of Rule G-12(c) in 1977, the rule has requirements for the exchange

³ A list of registered clearing agencies is available at <https://www.sec.gov/about/divisions-offices/division-trading-markets/clearing-agencies>. Currently, registered clearing agencies active in the municipal securities market consist of the Depository Trust & Clearing Corporation and its affiliates.

⁴ Rule G-12(a) exempts inter-dealer transactions in municipal securities submitted to a registered clearing agency for comparison from the inter-dealer confirmation provisions of Rule G-12(c), since the purposes of transaction confirmations are subsumed within the automated comparison process as provided in Rule G-12(f)(i).

and comparison of trade confirmations by dealers in inter-dealer transactions.⁵ Rule G-12(c) outlines a list of content requirements related to inter-dealer confirmations, analogous in scope to the content requirements for customer confirmations listed in pre-1990s iterations of section (a) of MSRB Rule G-15 (“Rule G-15”), on customer confirmations.

In 1983, the MSRB approved an amendment to Rule G-12 that required that dealers use automated comparison through a registered clearing agency for eligible inter-dealer trades, foregoing the need for the sending of separate confirmations previously used for that purpose for such eligible trades.⁶ By 1985, a majority of inter-dealer trades were compared through such automated means⁷ and, after when-issued securities became eligible for automated comparison, the MSRB assessed in 1995 that nearly all new issue municipal securities were eligible for automated comparison with the exception of those that do not meet the eligibility requirements to be assigned a Committee on Uniform Securities Identification Procedures (CUSIP) number.⁸ Thus, only a very small number of inter-dealer trades remained subject to the confirmation requirement of Rule G-12(c), predominantly due to their ineligibility for CUSIP number assignment.

Notwithstanding the low number of municipal securities that currently remain ineligible for automated comparison and therefore could be subject to Rule G-12(c), the MSRB observes that a population of municipal securities that do not have CUSIP numbers—and are therefore

⁵ Order Approving Proposed Rule Change, Exchange Act Release No. 13939 (Sept. 8, 1977), 42 FR 46445 (Sept. 15, 1977) (File No. SR-MSRB-76-12).

⁶ Order Approving Proposed Rule Change of the Municipal Securities Rulemaking Board, Exchange Act Release No. 20365 (Nov. 14, 21983), 48 FR 52531 (Nov. 18, 1983) (File No. SR-MSRB-83-13). While confirmations are not required under Rule G-12(c) for inter-dealer transactions eligible for automated comparison, such transactions are subject to the requirements and processes specified by Rule G-12(f).

⁷ See MSRB Reports Vol. 5, No. 2, (February 1985) at 7.

⁸ See Exchange Act Release No. 36352 (October 6, 1995), 60 FR 53652, at FN 6 (October 16, 1995) (File No. SR-MSRB-1995-14).

ineligible for automated comparison—persists. For example, over five years, from 2020 to 2025, an annual average of 2,447 new municipal securities were issued without assigned CUSIP numbers,⁹ so that any inter-dealer trades in such securities would be ineligible for automated comparison and would therefore be subject to Rule G-12(c).¹⁰

Because of the historically low number of transactions subject to Rule G-12(c), the MSRB had not, to date, consolidated Rule G-12(c) and its associated interpretive guidance, as the MSRB has already completed for other MSRB rules whose provisions are more frequently used (e.g., Rule G-15).¹¹ The proposed rule change is mainly intended to significantly streamline the requirements of Rule G-12(c) and related interpretations to the core elements needed to fulfill the purpose of this confirmation requirement to facilitate comparison of inter-dealer transactions where such transactions cannot use the standard automated comparison system. The proposed rule change would, among other things, incorporate those key comparison-related principles established in interpretive guidance into the relevant rule text and eliminate certain requirements, from the current rule text or certain interpretive guidance, unrelated to the comparison process.¹² The text of proposed amended Rule G-12(c) would set out, in full and in a better organized

⁹ Based on submissions of MSRB Form G-32 by underwriters to the Electronic Municipal Market Access (EMMA) website under MSRB Rule G-32 for primary offerings for which CUSIP numbers had not been assigned.

¹⁰ Because trades in securities without CUSIP numbers are not subject to trade reporting to the MSRB's Real-Time Transaction Reporting System (RTRS) under MSRB Rule G-14, the MSRB does not have an estimate of how many inter-dealer trades may occur in such securities.

¹¹ Customer trades generally remained subject to the confirmation requirements of Rule G-15(a)(i) and its interpretive guidance, ultimately leading the MSRB to revise and consolidate much of this guidance into the rule language in 1995. See Exchange Act Release No. 35700 (May 10, 1995), 60 FR 26747, at FN 6 (May 18, 1995) (File No. SR-MSRB-1995-04).

¹² As part of its efforts to streamline the rulebook, the MSRB has identified requirements under the current rule text and related pieces of interpretive guidance—pieces that have been rendered obsolete in the context of modern transaction practices or that otherwise are no longer necessary to promote the accuracy and efficiency of inter-dealer confirmations—which this proposed rule change would delete, as described herein.

manner, the streamlined set of informational elements for inter-dealer confirmations for which automated comparison is not available.

The MSRB believes that, given recent technological innovations in the market, it is timely to update and streamline Rule G-12(c). The MSRB understands that issuers and other market participants are contemplating and, in some cases, may already be implementing new technological approaches in the municipal securities market with the rise of distributed ledger technologies (including blockchain technology), digital assets and other decentralized finance approaches. Some are beginning to explore the potential of issuing digital or tokenized securities.¹³ The issuance and subsequent trading of such securities could involve many unique features that did not exist at the time that the current centralized processes for comparison, clearance and settlement became the default manner for effecting municipal securities transactions. Such features may include, among others, digitizing and electronic record keeping of security ownership without the need for a traditional bond certificate and other aspects that would make such securities ineligible for the existing automated comparison and/or book-entry settlement process envisioned under MSRB rules. Thus, the MSRB believes that modernization of Rule G-12(c) is even more significant in light of alternative models for securities transactions that are emerging in the marketplace.¹⁴ The MSRB believes that the proposed rule change would

¹³ See Commissioner Hester M. Peirce, *Enchanting, but Not Magical: A Statement on the Tokenization of Securities*, July 9, 2025, available at <https://www.sec.gov/newsroom/speeches-statements/peirce-statement-tokenized-securities-070925>, regarding the applicability of broker-dealer rules to tokenized securities.

¹⁴ The MSRB has launched a retrospective rule review of certain of its rules, including Rule G-12, that relate to these key market infrastructure processes that could provide opportunities for removing barriers to technological and product innovation in the municipal market. See MSRB Press Release of April 25, 2025, available at <https://www.msrb.org/Press-Releases/MSRB-Discusses-Market-Regulation-and-Transparency-Initiatives-Quarterly-Board>. The MSRB views this proposed rule change as being an early step in this retrospective rule review, and believes among other things, it is timely given the potential emergence of decentralized finance practices and products in the municipal securities market.

effectuate this modernization of Rule G-12(c), ensuring that the rule continues to achieve its goals consistent with current market practices while simultaneously easing compliance burdens on regulated entities by removing outdated informational elements, and thereby removing potential impediments to market innovation and further perfecting the mechanism of a free and open market in municipal securities.

Therefore, in summary, the proposed rule change would:

- Codify principles from interpretive guidance into the rule text and reorganize the content of Rule G-12(c);
- Remove certain existing requirements from current Rule G-12(c) that no longer serve a beneficial purpose for dealers or the market;
- Make technical modifications to the rule requirements that would simplify and clarify the existing requirements under Rule G-12(c), including amending current Rule G-12(c)(vi) to replace it with a new definition section;
- Retire certain guidance that is being codified or is already codified in current Rule G-12(c) or noted under other MSRB rules;¹⁵ and
- Amend and retain certain interpretive guidance relevant to Rule G-12 and Rule G-15 and retire certain other guidance that may be obsolete or no longer serve a beneficial purpose to the market.¹⁶

Codification of Certain Principles from Existing Interpretive Guidance and Reorganization of Rule G-12(c)

The proposed rule change would codify central principles of the interpretive guidance using more succinct and precise language and reorganize the content of Rule G-12(c)(v)–(vi) to

¹⁵ The MSRB will publish a regulatory notice that sets forth a list of each item of interpretive guidance that would be amended or retired in connection with the proposed rule change, following the Commission's approval.

¹⁶ See supra note 15.

clarify the existing requirements of Rule G-12(c). The proposed rule change would not impose any new requirements and would eliminate obsolete or superfluous requirements. A portion of the proposed rule change discussed herein is comprised of key informational elements drawn from pieces of certain interpretive guidance which would be codified in the proposed rule text.¹⁷

The proposed rule change would organize informational elements required to be disclosed in a transaction subject to Rule G-12(c) into three categories, with the first covering securities transaction information, set forth in proposed Rule G-12(c)(v)(A), and the second covering securities identification information, set forth in proposed Rule G-12(c)(v)(B). The proposed rule change would also add, in proposed Rule G-12(c)(v)(C), a third category of securities additional information beyond the information noted under the securities transaction and securities identification category that, in limited circumstances, may be necessary to ensure that the counterparties are in agreement as to the fundamental terms of an inter-dealer transaction and to the identity of the specific security being transacted. The items of information that would be required to be included on an inter-dealer confirmation in these three categories pursuant to proposed amended Rule G-12(c) are described below.

Securities Transaction Information

The proposed rule change would codify certain elements consisting of securities transaction information into Rule G-12(c)(v)(A).¹⁸ The following securities transaction information would be required to be disclosed under the proposed rule change.

¹⁷ The MSRB sought comment regarding the pieces of interpretive guidance under consideration as part of its review of Rule G-12(c). MSRB Notice 2023-08, Request for Comment on Retrospective Rule Review of Rule G-12(c) on Inter-Dealer Confirmations and Related Interpretive Guidance (Sep. 28, 2023) (“Request for Comment”), available at <https://www.msrb.org/sites/default/files/2023-09/2023-08.pdf>.

¹⁸ Broadly, proposed Rule G-12(c)(v)(A) would include informational elements currently described in Rule G-12(c)(v)(A)–(D), G-12(c)(v)(G)–(N) and in the additional language following Rule G-12(c)(v)(N).

- The confirming party’s name (that is, the name of the dealer producing the confirmation) and its contact information;¹⁹
- The contra party’s identification (that is, the name of the dealer with whom the confirming dealer is engaging in a transaction ineligible for automated comparison);²⁰
- Designation of whether the transaction is a purchase from or sale to the contra party;²¹
- Par value of the securities;²²
- Trade date;²³
- Settlement date;²⁴
- Yield and dollar price, to be computed and shown as follows:²⁵

¹⁹ Existing Rule G-12(c)(v)(A) would be redesignated as Rule G-12(c)(v)(A)(1) and would be modified to instead reference the more flexible contact information to reflect modernization and changes in modes of communication. Updated rule language information would allow for address, telephone number or other information providing reasonable means of contacting the confirming party.

²⁰ Existing Rule G-12(c)(v)(B) would be redesignated as Rule G-12(c)(v)(A)(2) without substantive change.

²¹ Existing Rule G-12(c)(v)(C) would be redesignated as Rule G-12(c)(v)(A)(3) without substantive change.

²² Existing Rule G-12(c)(v)(D) would be redesignated as Rule G-12(c)(v)(A)(4). The proposed rule change would further clarify that, for zero coupon securities, the maturity value of the securities must be shown if it differs from the par value. This clarification incorporates language currently in the second paragraph following Rule G-12(c)(v)(N), which would be deleted as part of the proposed rule change.

²³ Existing Rule G-12(c)(v)(G) would be redesignated as Rule G-12(c)(v)(A)(5) without substantive change.

²⁴ Existing Rule G-12(c)(v)(H) would be redesignated as Rule G-12(c)(v)(A)(6). The proposed rule change would also specify that initial confirmations for “when, as and if issued” transactions are excepted from this disclosure requirement. This exception incorporates language currently in the third paragraph following Rule G-12(c)(v)(N), which paragraph would be deleted as part of the proposed rule change.

²⁵ Existing Rule G-12(c)(v)(I) would be redesignated as Rule G-12(c)(v)(A)(7) and revised to adopt a simpler format, similar to the comparable provisions of Rule G-15(a)(i)(A)(5) for customer confirmations. Proposed Rule G-12(c)(v)(A)(7) would also codify guidance noted in certain pieces of interpretive guidance setting forth the manner of computing the yield and dollar price in a manner consistent with Rule G-15(a)(i)(A)(5). The proposed

- For transactions effected on the basis of yield to maturity, yield to call date, or yield to put date, proposed Rule G-12(c)(v)(A)(7)(a) would require that the yield at which the transaction was effected be shown and, if that yield is to a call or put date, this must be noted, along with the date and dollar price of the call or put date;²⁶
- For transactions effected on the basis of dollar price, proposed Rule G-12(c)(v)(A)(7)(b) would require that a dollar price at which the transaction was effected be shown and, unless the transaction was effected at par, a yield be computed and shown;
- Proposed Rule G-12(c)(v)(A)(7)(c)(i) would specify that yield shown on confirmations must be computed to the lower of call date or maturity date (instead of lowest of price to call, price to par option, or price to maturity, as stated in current Rule G-12(c)(v)(I)). For purposes of computing yield to call or dollar price to call, proposed Rule G-12(c)(v)(A)(7)(c)(ii) would limit call features that may be used to only those call features that represent "in whole calls" of the type

amendment would also codify certain guidance set forth in several pieces of interpretive guidance. See MSRB Interpretive Guidance, Pricing to Call (Dec. 10, 1980), available at <https://www.msrb.org/Pricing-Call>; MSRB Interpretive Guidance, Callable Securities: Pricing to Call and Extraordinary Mandatory Redemption Features (Feb. 10, 1984), available at <https://www.msrb.org/Callable-Securities-Pricing-Call-and-Extraordinary-Mandatory-Redemption-Features>; MSRB Interpretive Guidance, Confirmation Disclosure: Put Option Bonds (Apr. 24, 1981), available at <https://www.msrb.org/Confirmation-Disclosure-Put-Option-Bonds>; MSRB Interpretive Guidance, Calculation of Price and Yield on Continuously Callable Securities (Aug. 15, 1989), available at <https://www.msrb.org/Calculation-Price-and-Yield-Continuously-Callable-Securities>; MSRB Interpretive Guidance, Notice Concerning the Application of Board Rules to Put Option Bonds (Sep. 30, 1985), available at <https://www.msrb.org/Notice-Concerning-Application-Board-Rules-Put-Option-Bonds>. The foregoing items of interpretive guidance would be retired either in whole or in part through this initiative. See *supra* note 15.

²⁶ Proposed Rule G-12(c)(v)(A)(7)(a) would repurpose some text from current Rule G-12(c)(v)(I); however, it would primarily codify language noted in MSRB Interpretive Guidance, Notice Concerning the Application of Board Rules to Put Option Bonds (Sep. 30, 1985), available at <https://www.msrb.org/Notice-Concerning-Application-Board-Rules-Put-Option-Bonds>.

- that may be used by the issuer without restriction in a refunding.²⁷ Proposed Rule G-12(c)(v)(A)(7)(c)(iii) would clarify the computation and content requirements applicable to securities subject to a series of pricing calls at declining premiums,²⁸ securities that, at the time of trade, are subject to a notice of a pricing call at any time,²⁹ and additional requirements for zero coupon securities.³⁰ Proposed Rule G-12(c)(v)(A)(7)(c)(iv) would require all yield and dollar price computations to be made in accordance with MSRB Rule G-33, on calculations (“Rule G-33”);³¹
- Proposed Rule G-12(c)(v)(A)(7)(d) would not require yield to be shown for securities traded on a discounted basis and would not require dollar price to be shown for when-issued trades.³²

²⁷ These changes would also effectively harmonize this aspect of the rule text with the comparable provision in Rule G-15(a)(i)(A)(5)(c) for customer confirmations, which the MSRB understands represents current industry usage of the terms “call date” to reflect any type of call, such as a par option call or a premium call, and “pricing calls” to reflect only call features available to issuers for use without restriction in a refunding.

²⁸ Dealers would be required to consider the call date resulting in the lowest yield or dollar price to be the yield to call or dollar price to call. This provision would codify key concepts relating to declining premium calls drawn from MSRB Interpretive Guidance, Pricing to Call, supra note 25.

²⁹ This provision would codify language relating to continuously callable securities gleaned from MSRB Interpretive Guidance, Calculation of Price and Yield on Continuously Callable Securities, supra note 25.

³⁰ The call price shown on the confirmation would be required to be expressed in terms of a percentage of the security’s maturity value. See MSRB Interpretive Guidance, Yield Disclosures: Yields to Call on Zero Coupon Bonds (Jan. 4, 1984), available at <https://www.msrb.org/Yield-Disclosures-Yields-Call-Zero-Coupon-Bonds>.

³¹ This proposed amendment codifies language regarding the applicability of Rule G-33 to yield and dollar price computation, which are drawn from MSRB Interpretive Guidance, Calculations for Securities with Periodic Interest Payments (Feb. 23, 2016), available at <https://www.msrb.org/Calculations-Securities-Periodic-Interest-Payments>.

³² These exceptions would be incorporated from the first and third paragraphs following current Rule G-12(c)(v)(N).

- Amount of concession;³³
- Final monies;³⁴ and
- Delivery of securities.³⁵

Securities Identification Information

The proposed rule change would codify certain informational elements consisting of securities identification information into proposed Rule G-12(c)(v)(B).³⁶ The proposed rule change would require inter-dealer confirmations to include the following elements of securities identification information.

- The name of the issuer;³⁷

³³ Existing Rule G-12(c)(v)(J) would be redesignated Rule G-12(c)(v)(A)(8) without substantive change.

³⁴ Existing Rule G-12(c)(v)(K)–(M) would be redesignated Rule G-12(c)(v)(A)(9)(a)–(d). Proposed Rule G-12(c)(v)(A)(9)(a)–(d) would also incorporate language currently in the three paragraphs immediately following Rule G-12(c)(v)(N). Proposed Rule G-12(c)(v)(A)(9)(a)–(d) would be revised to adopt a simpler format, virtually identical in both structure and substance to the corresponding and analogous provisions of Rule G-15(a)(i)(A)(6) for customer confirmations. With the exception of initial confirmations of transactions affected on a “when, as and if issued” basis, proposed Rule G-12(c)(v)(A)(9) would clarify the computation and content requirements by specifying the elements of information which must be included: (a) the total dollar amount of the transaction; (b) the amount of accrued interest (with additional provisions for specific types of securities); (c) a notation of “flat” for securities that pay interest on a current basis but are traded without interest; and (d) the extended principal amount (with additional provisions for specific types of securities).

³⁵ Existing Rule G-12(c)(v)(N) would be redesignated as Rule G-12(c)(v)(A)(10), which would require inclusion of information regarding denominations of bonds, other than denominations that are multiples of \$1,000 par value (up to \$100,000 par value), largely similar to corresponding provision of Rule G-15(a)(i)(A)(7)(b) on customer confirmations. Proposed Rule G-12(c)(v)(A)(10)(b) would retain the delivery instructions under existing Rule G-12(c)(v)(N), which harmonizes with the corresponding provision of Rule G-15(a)(i)(A)(7)(d) on customer confirmations.

³⁶ Proposed Rule G-12(c)(v)(B) would largely consist of text from Rule G-12(c)(v)(E), (v)(F) and (vi)(A). It would also consolidate related text that appears in paragraphs between Rule G-12(c)(v) and (vi).

³⁷ Existing requirements from Rule G-12(c)(v)(E) would be redesignated as Rule G-12(c)(v)(B)(1), requiring name of the issuer, which would codify principles from interpretive guidance to include trade name and series designation for stripped coupon

- A securities identifier, if any, such as a CUSIP number or an alternative securities identifier that is mutually agreed upon between two parties;³⁸
- Maturity date;³⁹
- Interest rate;⁴⁰ and,

securities, analogous to Rule G-15(a)(i)(B)(1)(a). See MSRB Interpretive Guidance, Notice Concerning Stripped Coupon Municipal Securities (Mar. 13, 1989), available at <https://www.msrb.org/Notice-Concerning-Stripped-Coupon-Municipal-Securities>.

³⁸ Existing requirements from Rule G-12(c)(v)(F) would be redesignated as Rule G-12(c)(v)(B)(4). The proposed rule change would also broaden this provision by permitting use of an alternative securities identifier that would assist parties to the transaction to have assurance that they are each referencing the same security, such as an identifier that may be assigned by a vendor or other entity through which both parties are engaging in key steps of the transaction. The MSRB is mindful that the data standards to be adopted by the federal financial regulators that could become applicable with respect to submissions of information to the MSRB under the Financial Data Transparency Act, Public Law 117–263, title LVIII, 136 Stat. 2395, 3421 (2022) could include data standards for securities identifiers encompassing identifiers beyond CUSIP numbers. See Financial Data Transparency Act Joint Data Standards, Exchange Act Release No. 100647 (Aug. 2, 2024), 89 FR 67890 (Aug. 22, 2024). Furthermore, if tokenized municipal securities were to be traded on a blockchain and such securities have not been assigned a CUSIP number, any alternative securities identifier incorporated within the mechanics of the blockchain itself could serve as a securities identifier. While the proposed rule change would permit the use on a confirmation of an alternative securities identifier and is not limited to the use of CUSIP number, the decision to use an alternative securities identifier on the confirmation would not obviate any obligation under other MSRB rules, such as the requirement to report trades to RTRS under MSRB Rule G-14, if the security in fact has a CUSIP number assigned to it.

³⁹ Existing requirements from Rule G-12(c)(v)(E) would be redesignated as Rule G-12(c)(v)(B)(2), which would codify informational elements from interpretive guidance with respect to stripped coupon securities to include maturity date of the instrument in lieu of the maturity date of the underlying securities. See MSRB Interpretive Guidance, Notice Concerning Stripped Coupon Municipal Securities, *supra* note 37.

⁴⁰ Existing requirements from Rule G-12(c)(v)(E) would be redesignated as Rule G-12(c)(v)(B)(3), which would also codify language from interpretive guidance requiring that, for zero coupon securities, the interest rate would be shown as 0%, and for securities with a variable or floating interest rate, the interest rate would be shown as "variable". See MSRB Interpretive Guidance, Notice Concerning "Zero Coupon" and "Stepped Coupon" Securities (Apr. 27, 1982), available at <https://www.msrb.org/Notice-Concerning-Zero-Coupon-and-Stepped-Coupon-Securities>. See also MSRB Interpretive Guidance, Confirmation Disclosure Requirements Applicable to Variable-Rate Municipal Securities (Dec. 10, 1980), available at <https://www.msrb.org/Confirmation-Disclosure-Requirements-Applicable-Variable-Rate-Municipal-Securities>.

- Dated date.⁴¹

Securities Additional Information

The proposed rule change would move and modify language from existing Rule G-12(c)(vi)(I) to proposed new Rule G-12(c)(v)(C), which would retain the requirement that the confirmation include any additional information necessary to ensure that the parties agree to the details of the transaction, beyond the information that would be required under proposed Rule G-12(c)(v)(A), and would add reference to ensuring that the parties have uniquely identified the specific securities being transacted, beyond the information that would be required under proposed Rule G-12(c)(v)(B). While the MSRB expects that such additional information would only rarely be needed, additional information about the securities at certain times may be necessary particularly where no CUSIP number or other alternative identifier has been assigned to the securities and/or where some event or change to the securities gives rise to the need to distinguish the subject securities from other securities that previously were fully fungible but which have become no longer fungible.

The MSRB believes it is imperative for dealers to consider the circumstances under which additional identifying information may be required since it may be essential for both parties to agree upon which security is being transacted. For example, where a portion of securities might be secured by funds held in escrow, or may be backed by a personal guarantee,

⁴¹ Existing Rule G-12(c)(vi)(A) would be reorganized as Rule G-12(c)(v)(B)(5), on disclosure requirements related to dated date. The proposed rule change would also codify language from interpretive guidance to specify that, for stripped coupon securities, the date that interest begins accruing to the custodian for payment to the beneficial owner would be shown in lieu of the dated date of the underlying securities; this date, along with the first date that interest will be paid to the owner, would be stated on the confirmation whenever it is necessary for calculation of price or accrued interest. See MSRB Interpretive Guidance, Notice Concerning Stripped Coupon Municipal Securities, supra note 37.

or might have some other feature not known or otherwise accessible to the market that could call into question the fungibility of different portions of such securities, while another portion may not have such backing or such other feature, there may be a need to provide greater specificity to the counterparty to ensure that both dealers engaged in an inter-dealer transaction are not mistaken as to the specific securities being transacted. In such circumstances, the dealers may need to include additional information on the confirmation under proposed Rule G-12(c)(v)(C) to precisely identify which unique securities are being transacted.

Amendments to Remove Certain Existing Requirements

The proposed rule change would remove current rule text pertaining to confirmation requirements that are primarily of a descriptive nature, which are unnecessary to provide a materially complete description for purposes of the modern comparison process, and are neither securities transaction information nor securities identification information.⁴² Because trade confirmations are delivered after the time of trade—documenting previously-agreed-upon terms of the trade rather than providing disclosures necessary to inform counterparties at or prior to the time of trade—the need for securities descriptive information in a post-trade inter-dealer confirmation is significantly less than in a customer confirmation involving retail investors, who may value having documented in the customer confirmation some of these material substantive disclosures. In addition, for the vast majority of inter-dealer trades that are eligible for automated comparison, the current processes that substitute for trade confirmations under Rule G-12(c) do not entail the dissemination of this type of securities descriptive information. The proposed rule

⁴² This elimination of obsolete confirmation requirements is consistent with the principles cited in the time of trade disclosure guidance for inter-dealer transactions. See MSRB Interpretive Guidance, Time of Trade Disclosures in Inter-Dealer Transactions (March 3, 2025) (the “Rule G-17 Inter-Dealer Time of Trade Disclosure Guidance”), available at <https://www.msrb.org/Rules-and-Interpretive-Guidance/Time-Trade-Disclosures-Inter-Dealer-Transactions> (In regard to inter-dealer transactions, the items of information that professionals must exchange “should be sufficient to distinguish the municipal security from other similar issues.”). See also Exchange Act Release No. 100508 (July 11, 2024), 89 FR 58229 (July 17, 2024) (File No. SR-MSRB-2024-03) (the “Time of Trade Disclosure Amendment Approval Order”).

change would also retire certain pieces of interpretive guidance currently memorializing such requirements.⁴³

The proposed rule change would remove the following confirmation requirements, which pertain to securities descriptive information.

- Credit backing (from current Rule G-12(c)(v)(E));
- Features of securities (from current Rule G-12(c)(vi)(B), (E) and (G));
- Status of securities (from current Rule G-12(c)(vi)(H)); and
- Tax information (from current Rule G-12(c)(vi)(C) and (D)).

The MSRB notes that removing such requirements from inter-dealer confirmations would have no impact on whether dealers selling municipal securities in an inter-dealer transaction with features that would have been subject to confirmation disclosures under the current language of Rule G-12(c) must still comply with their obligations under other MSRB rules. For example, dealers would still be obligated to provide any required disclosures at or prior to the time of trade to their dealer counterparties under certain circumstances as provided in the Rule G-17 Inter-Dealer Time of Trade Disclosure Guidance.⁴⁴ Of course, given that a confirmation is not received by the counterparty until after a transaction is effected, confirmation disclosure, even if it were to include any such information, would not normally be timely for purposes of a time of trade disclosure obligation.

Addition of a New Definition Section and Other Technical Amendments to Simplify and Clarify Existing Requirements under the Rule

⁴³ The MSRB will publish a full list of interpretive guidance that would be retired pursuant to this proposed rule change by no later than 90 days from the approval date of this proposed rule change. This notice would be the second of a series of two notices and would be similar to the previously published first notice where the MSRB retired nine pieces of guidance. See MSRB Notice 2024-07, MSRB to Retire Select Interpretive Guidance Regarding Inter-Dealer Confirmation Disclosures (May 22, 2024), available at <https://www.msrb.org/sites/default/files/2024-05/2024-07.pdf>.

⁴⁴ See supra note 42.

Rule G-12(c) currently utilizes certain terms, the definitions of which can be found in the text of other MSRB rules and interpretive guidance. Drawing from these sources, the proposed rule change would add a definition section to Rule G-12(c) to add clarity and facilitate compliance by reorganizing and compiling relevant definitions within the proposed rule text. The new definitions section would include the terms “stepped coupon securities,” “zero coupon securities,” “stripped coupon securities” and “pricing call,” codified as Rule G-12(c)(vi)(A)–(D).

Additionally, the proposed rule change would implement certain technical amendments to simplify, clarify and modernize existing content requirements under Rule G-12 as noted below:

- The proposed rule change would update certain internal cross references relating to the delivery of securities in Rule G-12(e)(ii),⁴⁵ on securities delivered, and Rule G-12(e)(iii),⁴⁶ on delivery ticket. The proposed rule change would also update Rule G-12(e)(v), on units of delivery under delivery of securities, to remove a separate reference to information regarding denomination of certificates to be delivered in case of bearer bonds since bearer bonds are no longer issued in the primary municipal securities market and any outstanding bearer bonds could be delivered in the same denominations applicable generally to municipal securities.

⁴⁵ The proposed rule change would update internal cross-references under subparagraph (e)(ii)(A) from current rule language pertaining to paragraph (c)(v) and (c)(vi) to information now set forth in subparagraph (v)(B) of section (c) of this rule. The proposed rule change would also remove certain text under Rule G-12(e)(ii)(B) since the proposed rule change updating Rule G-12(e)(ii)(A) as noted above would make the rest of the information pertaining to CUSIP number under current Rule G-12(e)(ii)(B) redundant.

⁴⁶ The proposed rule change would update internal cross-references under subparagraph (e)(iii) from current rule language pertaining to information set forth in subparagraph (c)(v) and (vi) to information now reflected under paragraph (v) of section (c) of this rule except the information set forth in items (3), (7), (8) and clauses (b) and (d) of item (9) of subparagraph (c)(v)(A) thereof.

- The proposed rule change would also update internal cross-references under Rule G-12(g)(i) and (ii), on the reclamation requirements, from subparagraph (c)(v)(E) to paragraph (v)(B)(1)-(3) of section (c) of this rule.

Retirement of Interpretive Guidance Codified in the Proposed Rule Text and Amendment of Certain Interpretive Guidance

As discussed above, the proposed rule change would amend Rule G-12(c) not only through reorganization of existing rule text but also through the codification of certain pieces of related interpretive guidance. This codification of guidance would promote ease of compliance with Rule G-12(c) both by improving the clarity of the proposed rule text and by reducing the number of documents dealers and compliance professionals must consult to understand Rule G-12(c). With the codification of requirements previously included in interpretive guidance, such source guidance would be retired in whole or have the relevant portions modified or removed in light of the incorporation of such requirements into the rule language.⁴⁷

Thus, the proposed rule change would fully retire MSRB Interpretive Guidance, Confirmation Disclosure Requirements for Callable Municipal Securities (Feb. 20, 1986), pertaining to confirmation of disclosure requirements for callable municipal securities, since the requirements of Rule G-12(c), as amended by the proposed rule change, would codify the confirmation requirements set forth therein, making such guidance superfluous.⁴⁸

In addition, the proposed rule change would amend five other pieces of interpretive guidance to modify certain rule references to reflect current rule language, including the new language of Rule G-12(c) under the proposed rule change, or to remove portions of such guidance that would be codified by the proposed rule change, that have previously been codified

⁴⁷ See supra note 43.

⁴⁸ Currently available at <https://www.msrb.org/Confirmation-Disclosure-Requirements-Callable-Municipal-Securities>. See Exchange Act Release No. 22965 (Mar. 5, 1986), 51 FR 8931 (Mar. 14, 1986) (File No. SR-MSRB-86-5).

into MSRB rules, or that address outdated practices that are no longer relevant in the market, with the remaining portions of such guidance continuing to be in effect:

- MSRB Interpretive Guidance, Yield Disclosures: Yields to Call on Zero Coupon Bonds (Jan. 4, 1984),⁴⁹ which would be amended to conform a reference to Rule G-12 to the appropriate portion of the rule (as it would be modified by the proposed rule change) and a parallel reference to Rule G-15 to the appropriate current provision of that rule, as well as to make a minor language change to reflect current rule language;⁵⁰
- MSRB Interpretive Guidance, Confirmation Requirements for Partially Refunded Securities (Aug. 15, 1989),⁵¹ which would be amended to remove references to Rule G-12, to conform references to Rule G-15 to the appropriate current provisions of that rule, and to remove references to retired guidance;⁵²

⁴⁹ Currently available at <https://www.msrb.org/Yield-Disclosures-Yields-Call-Zero-Coupon-Bonds>. See Exchange Act Release No. 20628 (Feb. 8, 1984), 49 FR 6054 (Feb. 16, 1984) (File No. SR-MSRB-84-2).

⁵⁰ Specifically, a reference to former Rule G-15(a)(i)(I) would be changed to current Rule G-15(a)(i)(A)(5), an older reference to the Rule G-15 text would be removed, and a reference to current Rule G-12(c)(v)(I) in a footnote would be changed to proposed new rule text under Rule G-12(c)(v)(A)(7).

⁵¹ Currently available at <https://www.msrb.org/Confirmation-Requirements-Partially-Refunded-Securities>. See Exchange Act Release No. 27450 (Nov. 17, 1989), 54 FR 49157 (Nov. 29, 1989) (File No. SR-MSRB-89-7).

⁵² Specifically, certain outdated pinpoint references to provisions of Rules G-12(c) and G-15(a) in the third paragraph relating to pricing calculations would be eliminated and the footnote at the end of that paragraph would also be eliminated since the referenced interpretive guidance has previously been retired. See Time of Trade Disclosure Amendment Approval Order. In addition, references to Rule G-12 in the fourth paragraph relating to securities descriptive information in confirmation disclosures would be eliminated since, pursuant to the proposed rule change, such securities descriptive information would not be required under proposed Rule G-12(c), as amended, in connection with inter-dealer confirmations. However, the fourth paragraph would be retained in connection with customer confirmations, with the reference to former Rule G-15(a)(i)(E) to be changed to current Rule G-15(a)(i)(C)(3)(a), the reference to former Rule G-15(a)(iii)(J) to be changed to current Rule G-15(a)(i)(A)(8), and the footnote in that paragraph to be eliminated since the portion of the referenced interpretive guidance would be deleted by the proposed rule change.

- MSRB Interpretive Guidance, Notice of Interpretation on Escrowed-to-Maturity Securities: Rules G-17, G-12 and G-15 (Sep. 21, 1987),⁵³ which would be amended to delete the first and last sections of the guidance so that the guidance would only apply to issues under MSRB Rule G-17 (“Rule G-17”), on conduct of municipal securities and municipal advisory activities;⁵⁴
- MSRB Interpretive Guidance, Notice Concerning Stripped Coupon Municipal Securities (Mar. 13, 1989),⁵⁵ which would be amended by removing language in the guidance pertaining to the confirmation requirements under Rules G-12 and G-15 for transactions in stripped coupon municipal securities which either were previously incorporated into Rule G-15 and/or would be codified into Rule G-12(c) pursuant to the proposed rule change;⁵⁶

⁵³ Currently available at <https://www.msrb.org/Notice-Interpretation-Escrowed-Maturity-Securities-Rules-G-17-G-12-and-G-15>. See Exchange Act Release No. 25426 (Mar. 8, 1988), 53 FR 8533 (Mar. 15, 1988) (File No. SR-MSRB-87-11).

⁵⁴ Specifically, the introductory paragraph and related heading “Introduction” would be deleted since it references market conditions in 1987, which may not reflect current market conditions and does not provide substantive guidance on the matters covered by the guidance. In addition, the final three paragraphs and related heading “Application of Rules G-12(c) and G-15(a) on Confirmation Disclosure of Escrowed-to-Maturity Securities” would be deleted since the substantive requirements thereof have previously been incorporated into Rule G-15(a) and, pursuant to the proposed rule change, such securities descriptive information would not be required under proposed Rule G-12(c), as amended, in connection with inter-dealer confirmations.

⁵⁵ Currently available at <https://www.msrb.org/Notice-Concerning-Stripped-Coupon-Municipal-Securities>. See Exchange Act Release No. 26706 (Apr. 10, 1989), 54 FR 15064 (Apr. 14, 1989) (File No. SR-MSRB-89-2).

⁵⁶ Specifically, the entire portion under “Confirmation Requirements” would be deleted since it is already codified under Rule G-15 and other portions would either be codified into Rule G-12(c) pursuant to the proposed rule change or removed by the proposed rule change. The final paragraph and the heading “Clearance and Settlement of Stripped Coupon Municipal Securities” would be retained as the title of the guidance, and footnote 7 would be updated to footnote number 1, which would reflect the current confirmation disclosure under Rule G-15. The reference to former Rule G-12(c)(v)(N) would be changed to proposed new Rule G-12(c)(v)(A)(10)(b) and the reference to former Rule G-15(a)(i)(N) would be changed to current Rule G-15(a)(i)(A)(7)(d).

- MSRB Interpretive Guidance, Calculation of Price and Yield on Continuously Callable Securities (Aug. 15, 1989),⁵⁷ which would be amended to conform a reference to Rule G-12 to the appropriate portion of the rule (as it would be modified by the proposed rule change) and a parallel reference to Rule G-15 to the appropriate current provision of that rule.⁵⁸

2. Statutory Basis

The MSRB believes that the proposed rule change is consistent with Section 15B(b)(2) of the Exchange Act,⁵⁹ which provides that the MSRB shall propose and adopt rules to effect the purposes of the Exchange Act with respect to, among other matters, transactions in municipal securities effected by dealers. Section 15B(b)(2)(C) of the Exchange Act⁶⁰ provides that the MSRB's rules shall be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in municipal securities and municipal financial products, to remove impediments to and perfect the mechanism of a free and open market in municipal securities and municipal financial products, and, in general, to protect investors, municipal entities, obligated persons, and the public interest.

The MSRB believes the proposed rule change is consistent with Section 15B(b)(2)(C) of the Exchange Act⁶¹ because it would foster cooperation and coordination with persons engaged

⁵⁷ Currently available at <https://www.msrb.org/Calculation-Price-and-Yield-Continuously-Callable-Securities>. See Exchange Act Release No. 27460 (Nov. 21, 1989), 54 FR 49156 (Nov. 29, 1989) (File No. SR-MSRB-89-8).

⁵⁸ Specifically, a reference to current Rule G-12(c)(v)(I) would be changed to proposed new Rule G-12(c)(v)(A)(7)(c), and a reference to former Rule G-15(a)(v)(I) would be changed to current Rule G-15(a)(i)(A)(5)(c).

⁵⁹ 15.U.S.C. 78o-4(b)(2).

⁶⁰ 15 U.S.C. 78o-4(b)(2)(C).

⁶¹ Id.

in regulating, clearing, settling, processing information with respect to, and facilitating transactions in municipal securities. The proposed rule change streamlines the current rule on confirmation requirements for inter-dealer transactions by removing informational elements that are outdated and allows for key information to flow in a more efficient manner to contra parties for these unique transactions that are not eligible for automated comparison. Given that Rule G-12(c) allows for exchange and comparison of key information for such unique transactions, the MSRB believes that the proposed rule change, by reorganizing the rule in categories similar to Rule G-15, would foster cooperation and coordination with parties engaged in processing information with respect to such transactions in municipal securities. The MSRB also believes that consolidating its rulebook by removing interpretive guidance that is outdated or has already been incorporated into the rulebook would promote regulatory clarity by reducing the need for industry participants to cross reference multiple sources and provide for more efficiency in the marketplace. Specifically, the MSRB believes that consolidating existing interpretive guidance into the text of Rule G-12, where appropriate, and clarifying existing rule language would facilitate compliance by dealers with existing requirements under Rule G-12 and would thereby remove impediments to and perfect the mechanism of a free and open market in municipal securities.

B. Self-Regulatory Organization's Statement on Burden on Competition

Section 15B(b)(2)(C) of the Exchange Act⁶² requires that MSRB rules not be designed to impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act. The MSRB has considered the economic impact of the proposed rule change and believes that it would not impose any burden on competition, as the proposed rule change to Rule G-12(c) on uniform practice for dealer confirmations would codify certain existing interpretive guidance for inter-dealer confirmation disclosure requirements that are

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Id.

ineligible for automated comparison into Rule G-12(c), retire certain other interpretive guidance, add a new definitions section and make certain technical amendments to simplify and clarify current rule requirements under Rule G-12(c). In addition, the proposed rule change applies equally to all dealers who engage in these transactions. Therefore, the MSRB believes the proposed rule change would not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act.⁶³

In determining whether the proposed rule change is necessary and appropriate, the MSRB was guided by the MSRB's Policy on the Use of Economic Analysis in MSRB Rulemaking.⁶⁴ In accordance with this policy, the MSRB evaluated the potential impacts of the proposed rule change relative to the current baseline. The proposed rule change to Rule G-12(c) is intended to modernize, streamline and clarify dealer obligations under Rule G-12(c) as they relate to inter-dealer confirmations.

Specifically, the proposed rule change would: codify central principles of the interpretive requirements in a more succinct and precise manner, and reorganize the content of Rule G-12(c); remove certain existing requirements from current Rule G-12(c) that no longer serve a beneficial purpose for dealers or the market; amend current Rule G-12(c)(vi) to replace it with a new definitions section; make technical modifications to the rule requirements that would simplify and clarify the existing requirements under Rule G-12(c); retire certain guidance that is being codified or is already codified in current Rule G-12(c) and amend certain guidance and where applicable, retire guidance that is no longer beneficial to the market. The proposed rule change

⁶³ Id.

⁶⁴ See Policy on the Use of Economic Analysis in MSRB Rulemaking, available at <https://www.msrb.org/Policy-Use-Economic-Analysis-MSRB-Rulemaking>. In evaluating whether there was any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act, the MSRB was guided by its principles that required the MSRB to consider costs and benefits of a rule change, its impact on efficiency, capital formation and competition, and the main reasonable alternative regulatory approaches.

would modernize the rule for inter-dealer confirmations for securities ineligible for automated comparison by clarifying the rule text and would reduce the burden for dealers.

Benefits, Costs and Effect on Competition

The proposed rule change to Rule G-12(c) is intended to benefit dealers by providing clarification to dealers by streamlining and centralizing the needed information for producing an inter-dealer confirmation for securities transactions that are ineligible for automated comparison, which is a small percentage of all inter-dealer trades. The proposed rule change would ensure that Rule G-12(c) is consistent with current market practices while simultaneously reducing compliance costs on dealers, therefore promoting more efficiency in the marketplace.

Benefits

The MSRB believes that retiring interpretive guidance that is obsolete, superfluous or has been or is in the process of being codified ensures that the intent of Rule G-12(c) is consistent with current market practices while also reducing compliance burdens for dealers. The benefits of the proposed rule change would be achieved by eliminating outdated guidance and incorporating the remaining relevant guidance into the body of the rule which would streamline and consolidate duplicative guidance. Dealers would have additional clarity for their regulatory obligations without having to refer to different pieces of guidance, some of which are obsolete. The proposed rule change would potentially promote ease of compliance with the same requirements. The MSRB believes that dealers would also benefit from increased efficiency and reduced compliance costs with streamlined rule text and reorganized interpretive guidance. The MSRB also amends, where applicable, and preserves certain pieces of interpretive guidance, which may still be essential to a dealer's understanding of the regulatory framework.

Costs

The MSRB notes that no incremental ongoing compliance burdens in the form of new requirements or greater disclosures are being added by the proposed rule change. MSRB acknowledges that dealers would likely incur minor incremental costs as a result of the proposed

rule change, relative to the baseline state (current state). These costs may include the potential one-time upfront costs related to revising related policies and procedures to reflect new rule citations and to decrease the items of information identified as required in such inter-dealer confirmations,⁶⁵ if existing policies and procedures provide such detail or the dealer chooses to include a greater degree of detail. In addition, to the extent that dealers currently or plan in the future to produce these rare inter-dealer confirmations on a systemic basis rather than on a one-by-one basis as they execute inter-dealer trades that are ineligible for automated comparison, dealers may incur costs in connection with such system modification or development. However, the proposed rule change likely would not add incremental ongoing costs since dealers are presumably already in compliance with the existing interpretive guidance and relevant MSRB rules, including the recordkeeping requirements. Similarly, the revisions to a dealer's policies and procedures may not be extensive if the dealer presumably already incorporates the review of existing interpretive guidance into their current policies and procedures. Nonetheless, the MSRB conducted an analysis of the upfront costs a dealer may incur in implementing the changes outlined in the proposed rule change.

The MSRB identified certain upfront costs, mostly related to updating existing policies and procedures which would entail identifying compliance staff at a dealer firm to conduct an analysis of the proposed new rule language and any remaining interpretive guidance within their policies and procedures. Based on the MSRB's assumptions, the total upfront costs per dealer would be estimated at \$7,080 as shown in Table 1. The upfront costs include 6 hours for a compliance attorney ($\$461 \times 6 = \$2,766$) to identify and change all references to Rule G-12(c) in their policies and procedures. In addition to identifying and changing the policies and

⁶⁵ While the proposed rule change would reduce the number of items required to be included in an inter-dealer confirmation, a dealer could choose to retain any existing procedures and processes that provide the broader array of information currently required under Rule G-12(c) and related interpretations.

procedures, the MSRB also expects two hours for a Compliance Director ($\$607 \times 2 = \$1,214$) to review the changes and 0.5 hours for the Chief Compliance Officer to sign off on the changes.

Additionally, changes may need to be made to the actual inter-dealer confirmation process if a dealer chooses. The MSRB expects that while the confirmation updates are not required as part of the proposed rule change (that is, a dealer that currently conforms to Rule G-12(c) and the related interpretations would not need to make any changes to come into compliance with the proposed rule change, including not being required to reduce the items of information it currently may provide as it would not be a violation to provide more information than the baseline requirement in the proposed rule change), many dealers may elect to remove the additional information to minimize any potential risk, and some dealers may elect to programmatically remove these items through a technological project. To be conservative, the MSRB included this cost in the estimate and anticipates that if a dealer chooses to update their confirmations, they would spend a total of \$2,755 to remove information that would no longer be required as part of the proposed rule change. This cost takes into account approximately two hours for a Senior Business Analyst ($\$348 \times 2 = \696) to develop the requirements needed for IT staff to update the confirmations. In addition, the MSRB also expects a Senior Programmer to take four hours of work ($\$363 \times 4 = \$1,452$) to change the coding that produces each inter-dealer confirmation. Lastly, the changes made by the Senior Business Analyst and the Senior Programmer would be reviewed for approval by the Director of Compliance. The MSRB estimates one hour of time ($\$607 \times 1 = \607) for the approval to be completed. However, as previously articulated, other dealers may not currently use and may continue not to use a technological process for producing these inter-dealer confirmations and those that do may elect not to amend their inter-dealer confirmation process and would thus not incur any costs associated with a technological change.

Table 1: Estimated Compliance Costs for Each Dealer⁶⁶

Cost Components	Hourly Rate	Number of Hours	Cost per Firm
Upfront Costs			
a) Revision of Policies and Procedures			
Compliance Attorney	\$461	6.0	\$2,766
Director of Compliance	\$607	2.0	\$1,214
Chief Compliance Officer	\$690	0.5	\$345
			\$4,325
b) Inter-dealer Confirmation Update (Optional)			
Senior Business Analyst	\$348	2.0	\$696
Senior Programmer	\$363	4.0	\$1,452
Director of Compliance	\$607	1.0	\$607
			\$2,755

⁶⁶ The hourly-rate data is gathered from a variety of Commission filings compiled by the MSRB for usage in economic analysis. The Commission’s economic analysis utilizes the Securities Industry and Financial Markets Association’s “Management & Professional Earnings in the Securities Industry—2013 Report” for the hourly rates of various financial industry market professionals. To compensate for inflation, the data reflects the 2025 hourly rate level after adjusting for the annual cumulative wage inflation rate of 46.7% between 2013 and 2025. See The Federal Reserve Bank of St. Louis Employment Cost Index: Wages and Salaries: Private Industry Workers, available at <https://fred.stlouisfed.org/series/ECIWAG>. The MSRB estimates the number of hours for each task based on the MSRB’s consultation with regulated entities’ compliance officers.

The MSRB believes that the benefits of the proposed rule change from the cumulative compliance cost savings as a result of the streamlining of the rule language and guidance would outweigh the upfront costs associated with policies and procedures revision and programmatic changes. The proposed changes are intended to provide enhanced clarity to dealers when conducting an inter-dealer trade for securities ineligible for automated comparison.

Effect on Competition, Efficiency, and Capital Formation

The MSRB believes that the proposed rule change to Rule G-12(c) would neither impose a burden on competition nor hinder capital formation. The proposed rule change would improve the municipal securities market's operational efficiency and promote regulatory certainty by providing dealers with a clearer understanding of regulatory obligations that are incorporated into the rule text. At present, the MSRB is unable to quantitatively evaluate the magnitude of the efficiency gains or losses, but believes the overall incremental benefits accumulated over time for all market participants would outweigh the minor upfront costs of revising policies and procedures, with no expected incremental change in the ongoing compliance and recordkeeping costs by dealers. The MSRB does not expect that the proposed rule change to Rule G-12(c) would impose a burden on competition for dealers, as the proposed amendments are applicable to all dealers and the upfront costs are expected to be relatively minor for all dealers.

Reasonable Regulatory Alternatives

The MSRB's Policy on the Use of Economic Analysis in MSRB Rulemaking requires the MSRB's economic analysis to identify and discuss reasonable alternatives to the proposed rule.⁶⁷ The MSRB has identified two reasonable alternatives for the proposed rule change.

One alternative the MSRB considered was to fully harmonize the Rule G-12(c) requirements for inter-dealer confirmations for securities ineligible for automated comparison

⁶⁷ See supra note 64.

with the provisions of Rule G-15(a) on customer confirmations, rather than providing for a more streamlined set of requirements under Rule G-12(c). While Rule G-12(c) addresses solely those inter-dealer transactions that are ineligible for automated comparison, Rule G-15(a) addresses the requirements for dealers to provide customers with written confirmations in all customer transactions. Under this alternative, dealers would be required to provide confirmations to other dealers for inter-dealer municipal securities transactions that are ineligible for automated comparison with the same level of disclosure as on a customer confirmation. While the MSRB generally seeks to harmonize existing rules, in this instance it would not be appropriate or necessary. Dealers are generally more sophisticated than customers, especially retail customers, and even without any further disclosure requirement, dealers on both sides of an inter-dealer trade already possess, or have the means for obtaining, sufficient disclosure information to complete a trade, so that the items of information that are of value to a dealer in an inter-dealer trade ineligible for automated comparison are only those items necessary to ensure that they are able to accurately and efficiently compare and settle the transaction. Of note, there is no obligation to provide the types of disclosure information that would be removed from Rule G-12(c) for those inter-dealer trades that do use the automated comparison system. It is for this reason that the MSRB has deemed this alternative as inferior to the proposed rule change.

Another alternative the MSRB considered was to embed all remaining pieces of guidance (after retiring certain superfluous guidance) into Rule G-12(c) and Rule G-15(a). In this alternative, all guidance would be directly added to both rules. As part of the rulebook modernization, this would allow compliance personnel to only have to look to one place (Rule G-12(c)) for inter-dealer confirmation requirements and one place (Rule G-15(a)) for customer confirmation requirements. However, there are benefits to not having every standalone interpretive guidance embedded into rule text, as the purpose of interpretive guidance for certain more complex or nuanced situations is to provide additional clarity and context to existing rules while remaining flexible and to allow for changes as industry practices and technology evolves.

By providing this information directly in the rule text, the MSRB would limit its ability to adapt to potential changes in the future and might design a rule that would be either overly broad and cumbersome or overly restrictive. It is for this reason that the MSRB deemed this alternative as inferior to the proposed rule change.

C. Self-Regulatory Organization’s Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

In response to the Request for Comment,⁶⁸ the MSRB received one letter (the “SIFMA Letter”) from Leslie M. Norwood, Managing Director and Associate General Counsel, Securities Industry and Financial Markets Association (SIFMA).⁶⁹ The SIFMA Letter,⁷⁰ and additional engagement with the organization,⁷¹ raised two main themes: first, that G-12(c) is obsolete/unnecessary because dealers’ informational needs relative to inter-dealer trades extend only to that information that is necessary for trade settlement;⁷² and second, should Rule G-12(c) be retained, its requirements should be drastically pared back to only that information which is necessary to achieve settlement.⁷³ The main themes of the SIFMA Letter are summarized below in more detail with MSRB responses provided.

G-12(c) is obsolete and unnecessary

⁶⁸ See supra note 15.

⁶⁹ SIFMA Letter, dated December 15, 2023, available at <https://www.msrb.org/sites/default/files/2023-12/SIFMA-Comment-Letter-2023-08.pdf>.

⁷⁰ See SIFMA Letter passim.

⁷¹ On May 2, 2024, MSRB staff convened a virtual meeting with Ms. Norwood and representatives of SIFMA members. Participants discussed in greater detail the suggestions and concerns voiced in the SIFMA Letter.

⁷² SIFMA Letter at 2.

⁷³ Id. at 2–3.

The SIFMA Letter argued that paper interdealer confirmations are obsolete⁷⁴ and stated that dealers rely on their information service vendors for all data points related to trade execution, confirmations, clearance, and settlement, and industry practice is that inter-dealer trades are evidenced (to Financial Industry Regulatory Authority (FINRA) examiners) by screen captures, VCONs, or electronic blotters. SIFMA further asserted that, as an ordinary part of the cost of doing business, all dealers have access to a security master database or reliable security master information.⁷⁵ The MSRB believes that, while dealers generally have securities masters with varying degrees of information and completeness as to the full universe of municipal securities, such securities masters are unlikely to address the purposes of the proposed rule change. This is because almost all securities that are ineligible for automated comparison lack CUSIP numbers (and likely lack other alternative securities identifiers), and dealer securities masters are almost universally based, at least in large measure, on such securities identifiers. Thus, it is highly unlikely that dealers on the two sides of an inter-dealer transaction ineligible for automated comparison would, regardless of the breadth and depth of their respective securities masters, have information on the security in question included in such securities master that would fully match with the counterparty's information, much less have any information on the security included therein at all. The more limited items of information that the MSRB would retain under the proposed rule change in the streamlined version of Rule G-12(c) would address the need to be able to properly compare, clear and settle trades in such securities while reducing the burden of having to compile and disclose other information that is extraneous to this process.

While the proposed rule change would narrow the scope of information required in such confirmations, further narrowing the scope of information would risk a deterioration in the ability to transact in such securities in an efficient and secure manner, which is a risk that the MSRB is concerned could rise if decentralized finance processes and products are introduced

⁷⁴ Id. at 2.

⁷⁵ Id.

into the marketplace that might not allow for the current automated comparison process. The MSRB believes the proposed rule change would allow for modernization of information needed for inter-dealer confirmations without sacrificing the regulatory mandate by preserving the exchange of information sufficient to prevent fraudulent obfuscation and promote efficient and accurate trade settlement. Finally, the proposed rule change would not require that inter-dealer confirmations be on paper so that, for example, if tokenized municipal securities were to be traded on a blockchain, dealers would be able to meet their inter-dealer confirmation requirement through the transmission of the required information, such as by means of a unique contract address, on or as part of the mechanics of the blockchain itself.⁷⁶

G-12(c) should be pared down and materially simplified

SIFMA noted that for inter-dealer trades, the only information that should be required to be transmitted is that which is required to settle the trade and did not see the need for harmonizing disclosure requirements under Rule G-12(c) to Rule G-15.⁷⁷ SIFMA further noted Rule G-15, as well as MSRB Rule G-47 describes information disclosures due at the time of confirmation, or trade, to customers and such disclosures are unnecessary to dealers and may create a “web of potential regulatory foot-faults” without any corresponding benefit.⁷⁸

The MSRB is aware that the informational requirements of customers and dealers are fundamentally different, and that dealers may not utilize information received through inter-dealer trade confirmations for settlement and processing transactions. The MSRB agrees that the scope of inter-dealer confirmation disclosure requirements should be narrowed to focus on the

⁷⁶ For example, for a tokenized municipal security traded on a blockchain, its contract address or other innate unique identifier could be deemed to satisfy the requirement for an alternative securities identifier on the inter-dealer confirmation under the proposed amendment to Rule G-12(c). See supra note 37.

⁷⁷ SIFMA Letter at 2.

⁷⁸ Id.

purposes of inter-dealer confirmations in this context and not be required to include information that is extraneous to that purpose.

As detailed above, the MSRB has identified certain informational elements required under the current rule text that may be conceptualized as “securities descriptive information” that do not assist in processing or clearing of transactions. The types of information subsumed within the “securities descriptive information” category—consisting of credit backing, features of securities, information on status of securities, and tax information—are primarily of a substantive disclosure nature rather than of a securities identification nature. Importantly, because trade confirmations are delivered after the time of trade and therefore primarily serve to document the terms of a trade already agreed to rather than as a mechanism for providing disclosures that can inform counterparties at or prior to the time of trade, the need for securities descriptive information in a post-trade document is significantly less relevant for dealers than for investors, who may value having documented in the customer confirmation some of these material substantive disclosure information. In addition, for the vast majority of inter-dealer trades that are eligible for automated comparison, the current processes that substitute for trade confirmations under Rule G-12(c) do not entail the dissemination of this type of securities descriptive information.

Because this type of information is not essential in the context of comparing, clearing and settling an inter-dealer trade, the MSRB believes that it is appropriate that the proposed rule change would eliminate these informational elements from the disclosure requirements for inter-dealer confirmations.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period of up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

- (A) by order approve or disapprove such proposed rule change, or
- (B) institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include File Number SR-MSRB-2026-01 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549.

All submissions should refer to File Number SR-MSRB-2026-01. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the filing will be available for inspection and copying at the principal office of the MSRB. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to File Number SR-MSRB-2026-01 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, pursuant to delegated authority.⁷⁹

J. Matthew DeLesDernier,

Deputy Secretary.

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⁷⁹ 17 CFR 200.30-3(a)(12).