

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-58016, File No. SR-MSRB-2008-04)

June 25, 2008

Self-Regulatory Organizations; Municipal Securities Rulemaking Board; Order Granting Approval of Proposed Rule Change Relating to MSRB Rule G-34, CUSIP Numbers and New Issue Requirements, to Require Underwriter Registration and Testing with Depository Trust and Clearing Corporation's New Issue Information Dissemination System

On May 9, 2008, the Municipal Securities Rulemaking Board ("MSRB"), filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change consisting of changes to Rule G-34, CUSIP Numbers and New Issue Requirements. The proposed rule change was published for comment in the Federal Register on May 22, 2008.<sup>3</sup> The Commission received no comment letters about the proposed rule change. This order approves the proposed rule change.

The proposed rule change would require underwriters to register and conduct tests with the Depository Trust and Clearing Corporation's ("DTCC") New Issue Information Dissemination System ("NIIDS"). The proposed rule change would help ensure that dealers are prepared for the September 30, 2008 effective date of changes to other MSRB rules to require underwriters to participate in NIIDS.<sup>4</sup> Accordingly, the proposed rule

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> See Securities Exchange Act Release No. 57830 (May 16, 2008), 73 FR 29799 (May 22, 2008) ("Commission's Notice").

<sup>4</sup> See Securities Exchange Act Release No. 57750 (May 1, 2008), 73 FR 25815 (May 7, 2008).

change would require all brokers, dealers and municipal securities dealers (collectively “dealers”) that have acted as underwriter<sup>5</sup> in the last year on a new issue of municipal securities with nine months or greater effective maturity to register to use NIIDS with DTCC and successfully test NIIDS prior to September 15, 2008.<sup>6</sup> On an ongoing basis the proposed rule change would require dealers to register to use NIIDS with DTCC and successfully test NIIDS prior to acting as underwriter on a new issue of municipal securities with nine months or greater effective maturity. A full description of the proposal is contained in the Commission’s Notice.

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to the MSRB<sup>7</sup> and, in particular, the requirements of Section 15B(b)(2)(C) of the Act<sup>8</sup> and the rules and regulations thereunder. Section 15B(b)(2)(C) of the Act requires, among other things, that the MSRB’s rules 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

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<sup>5</sup> Rule G-34 defines “underwriter” very broadly to include a dealer acting as a placement agent as well as any dealer purchasing new issue securities from the issuer as principal. If there is an underwriting syndicate, the lead manager is considered to be the “underwriter” for purposes of Rule G-34.

<sup>6</sup> Many underwriters have already registered with DTCC and initiated NIIDS testing. The proposed rule change would place a deadline on underwriters to register with DTCC and complete NIIDS testing. Underwriters that have already satisfied the requirements of the proposed rule change prior to SEC approval are not required to re-register or re-test.

<sup>7</sup> In approving this proposed rule change, the Commission notes that it has considered the proposed rule’s impact on efficiency, competition and capital formation. 15 U.S.C. 78c(f).

<sup>8</sup> 15 U.S.C. 78o-4(b)(2)(C).

information with respect to, and facilitating transactions in municipal securities, to remove impediments to and perfect the mechanism of a free and open market in municipal securities, and, in general, to protect investors and the public interest.<sup>9</sup> In particular, the Commission finds that the proposed rule change is consistent with the Act because it will allow the municipal securities industry to produce more accurate trade reporting and transparency.

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,<sup>10</sup> that the proposed rule change (SR-MSRB-2008-04), be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>11</sup>

Florence E. Harmon  
Acting Secretary

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<sup>9</sup> Id.

<sup>10</sup> 15 U.S.C. 78s(b)(2).

<sup>11</sup> 17 CFR 200.30-3(a)(12).