

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="25"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2011"/> - * <input type="text" value="08"/>	Amendment No. (req. for Amendments *) <input type="text"/>
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Proposed Rule Change by Municipal Securities Rulemaking Board
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input checked="" type="checkbox"/>	Section 19(b)(3)(A) * <input type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
			Rule		
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)	

Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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Description
Provide a brief description of the proposed rule change (limit 250 characters, required when Initial is checked *).

Contact Information
Provide the name, telephone number and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the proposed rule change.

First Name * Last Name *

Title *

E-mail *

Telephone * Fax

Signature
Pursuant to the requirements of the Securities Exchange Act of 1934,
Municipal Securities Rulemaking Board
has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized officer.

Date

By Corporate Secretary
(Name *)

(Title *)

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

Form 19b-4 Information (required)

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change (required)

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

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Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of Proposed Rule Change

(a) The Municipal Securities Rulemaking Board (the “MSRB” or “Board”) is hereby filing with the Securities and Exchange Commission (the “SEC” or “Commission”) a proposed rule change consisting of (i) proposed new Rule A-11, on municipal advisor assessments and (ii) new Form A-11-Interim (the “proposed rule change”). The MSRB requests that the proposed rule change be made effective October 1, 2011.

The text of the proposed rule change is set forth below:¹

* * *

Rule A-11 – Municipal Advisor Assessments

(a) Interim Assessment and Form A-11-Interim. Each municipal advisor shall, by no later than November 30 of each fiscal year of the Board:

(i) submit to the Board a completed Form A-11-Interim, setting forth the number of assessable professionals of the municipal advisor for the fiscal year of the Board ending on the immediately preceding September 30 and such other information about the municipal advisor as shall be required by Form A-11-Interim, in such format and manner specified in the current *Instructions for Interim Municipal Advisor Assessment and Form A-11-Interim*; and

(ii) shall pay to the Board an interim assessment equal to \$300 for each of its assessable professionals reported or required to be reported by such municipal advisor on Form A-11-Interim for such fiscal year.

(b) Definitions. Solely for purposes of this rule and any forms hereunder, the following terms shall have the following meanings:

(i) “assessable professional” of a municipal advisor means a natural person who is an associated person of the municipal advisor who has received compensation or other payments from the municipal advisor (excluding reimbursement for out-of-pocket expenses) includable in such person’s gross income for federal income tax purposes in the amount of \$10,000 or more during the fiscal year of the Board for which the municipal advisor is submitting Form A-11-Interim and who provides services in connection with the municipal advisor’s municipal advisory activities as defined in Rule D-13. Such services include, but are not limited to:

(A) engaging in municipal advisory business with a municipal entity or obligated person;

¹ Underlining indicates additions. New Form A-11-Interim is included in Exhibit 3.

(B) soliciting municipal advisory business from a municipal entity or obligated person on its own behalf or soliciting third-party business;

(C) providing research or analytical services to other personnel of the municipal advisor engaged in the services described in paragraph (A) or (B) above or to clients of the municipal advisor, where such research or analytic services are related to the services described in paragraph (A) or (B) above;

(D) acting as supervisor of any person described in paragraph (A), (B) or (C) above with respect to such person's services as described in paragraph (A), (B) or (C) above;

(E) acting as supervisor of any person described in paragraph (D) above up through and including the Chief Executive Officer or similarly situated official; or

(F) serving as a member of the municipal advisor's executive or management committee or similarly situated officials, if any;

Notwithstanding the foregoing, a municipal advisor shall not be required to include on Form A-11-Interim as an assessable professional any associated person (i) who otherwise qualifies as an assessable professional if such associated person is included on Form A-11-Interim for such fiscal year as an assessable professional of another municipal advisor that controls, is controlled by, or is under common control with such municipal advisor, or (ii) whose functions are solely clerical or ministerial.

(ii) "municipal advisory business" means the provision of advice to or on behalf of a municipal entity or an obligated person with respect to municipal financial products or the issuance of municipal securities.

(iii) "soliciting," as it applies to an associated person of a municipal advisor, means the undertaking of any direct or indirect communication by such associated person with a municipal entity or obligated person for the purpose of obtaining or retaining:

(A) municipal advisory business for such municipal advisor with a municipal entity or obligated person; or

(B) third-party business.

(iv) "third-party business" means an engagement by a municipal entity of another person that does not control, is not controlled by, or is not under common control with the person soliciting such engagement, where such other person is:

(A) a broker, dealer, municipal securities dealer, or municipal advisor engaging or seeking an engagement with such municipal entity in connection with municipal financial products or the issuance of municipal securities; or

(B) an investment adviser (as defined in section 202 of the Investment Advisers Act of 1940) providing or seeking to provide investment advisory services to or on behalf of such municipal entity.

(v) Terms defined in any form or the instructions thereto shall have the meaning set forth therein for purposes of such form.

* * *

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was adopted by the MSRB at its April 14-15, 2011 meeting. Questions concerning this filing may be directed to Ernesto A. Lanza, Deputy Executive Director and General Counsel, at 703-797-6600.

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

(a) The proposed rule change consists of new Rule A-11, on municipal advisor assessments, and new Form A-11-Interim. The purpose of the proposed rule change is to levy a reasonable interim assessment to defray a portion of the costs and expenses of operating and administering the MSRB, including in particular the increased costs and expenses attributable to the regulation of municipal advisors that the MSRB began to incur upon being vested with rulemaking authority in this area under the Dodd-Frank Wall Street Reform and Consumer Protection Act.² The MSRB expects the interim assessment to remain in effect in the form proposed in the proposed rule change for a limited period of time during which the MSRB would examine the nature of the municipal advisory activities undertaken by municipal advisors as well as the manner and level of compensation received by municipal advisors for such municipal advisory activities (the “MSRB municipal advisor study”).³ Based on the MSRB’s findings, the MSRB would then consider whether to replace the interim assessment with a permanent form of assessment on municipal advisors that would, together with other MSRB assessments payable by municipal advisors, brokers, dealers and municipal securities

² Public Law No. 111-203.

³ Concurrent with the filing of this proposed rule change, the MSRB published for comment a draft amendment to proposed Rule A-11 and draft Form A-11-Survey pursuant to which the MSRB would collect the necessary information from municipal advisors to undertake such examination. See MSRB Notice 2011-34 (July 26, 2011). The MSRB would file the draft Rule A-11 amendment and draft Form A-11-Survey with the Commission prior to undertaking such collection of information.

dealers, provide for reasonable assessments that are fairly and equitably apportioned among all market participants subject to MSRB regulation and that do not impose an undue burden on small municipal advisors.

The interim assessment under proposed Rule A-11 would consist of an annual assessment equal to \$300 for each assessable professional reported or required to be reported by a municipal advisor to the MSRB on Form A-11-Interim for each fiscal year. Completed Form A-11-Interim and payment of the interim assessment would be due by November 30 of each year. Form A-11-Interim would be completed and submitted, and the interim assessment would be paid, in the manner set forth in the Instructions for Interim Municipal Advisor Assessment and Form A-11-Interim.

For purposes of the interim assessment, an assessable professional of a municipal advisor would, pursuant to proposed Rule A-11(b)(i), consist of any natural person who is an associated person of the municipal advisor who has received compensation or other payments from the municipal advisor (excluding reimbursement for out-of-pocket expenses) includable in such person's gross income for federal income tax purposes in the amount of \$10,000 or more during the fiscal year of the MSRB for which the municipal advisor is submitting Form A-11-Interim and who provides services in connection with the municipal advisor's municipal advisory activities as defined in Rule D-13. Such services include, but are not limited to:

(A) engaging in municipal advisory business⁴ with a municipal entity or obligated person;

(B) soliciting⁵ municipal advisory business with a municipal entity or obligated person on its own behalf or soliciting third-party business;⁶

⁴ Proposed Rule A-11(b)(ii) would define municipal advisory business as the provision of advice to or on behalf of a municipal entity or an obligated person with respect to municipal financial products or the issuance of municipal securities.

⁵ Under proposed Rule A-11(b)(iii), an associated person of a municipal advisor would be viewed as soliciting municipal advisory business if the associated person undertakes any direct or indirect communication with a municipal entity or obligated person for the purpose of obtaining or retaining: (A) municipal advisory business for such municipal advisor with a municipal entity or obligated person; or (B) third-party business.

⁶ Proposed Rule A-11(b)(iv) would define third-party business as an engagement by a municipal entity or another person that does not control, is not controlled by, or is not under common control with the person soliciting such engagement, where such other person is: (A) a broker, dealer, municipal securities dealer, or municipal advisor engaging or seeking an engagement with such municipal entity in connection with municipal financial products or the issuance of municipal securities; or (B) an investment adviser (as defined in section 202 of the

(C) providing research or analytical services to other personnel of the municipal advisor engaged in the services described in paragraph (A) or (B) above or to clients of the municipal advisor, where such research or analytic services are related to the services described in paragraph (A) or (B) above;

(D) acting as supervisor of any person described in paragraph (A), (B) or (C) above with respect to such person's services as described in paragraph (A), (B) or (C) above;

(E) acting as supervisor of any person described in paragraph (D) above up through and including the Chief Executive Officer or similarly situated official; or

(F) serving as a member of the municipal advisor's executive or management committee or similarly situated officials, if any.

Notwithstanding the foregoing, a municipal advisor would not be required to include on Form A-11-Interim as an assessable professional any associated person (i) who otherwise qualifies as an assessable professional if such associated person is included on Form A-11-Interim for such fiscal year as an assessable professional of another municipal advisor that controls, is controlled by, or is under common control with such municipal advisor, or (ii) whose functions are solely clerical or ministerial.

Proposed Form A-11-Interim would require that municipal advisors provide information about the number of assessable professionals who, during the fiscal year for which the assessment is calculated, were principal/supervisory personnel or other advisory personnel. Principal/supervisory personnel would consist of any assessable professional who is either described in paragraph (D), (E) or (F) of the definition of assessable professional or who is a partner or other equity owner of the municipal advisor firm having a cumulative ownership interest representing at least 2.5% of the firm. All other assessable professionals would be reported as other advisory personnel. The interim assessment would be calculated based on the sum of principal/supervisory personnel and other advisory personnel.⁷ Because of the gross income threshold in the definition of assessable professional, municipal advisors that generate revenues of less than \$10,000 in connection with their municipal advisory activities during the fiscal year

Investment Advisers Act of 1940) providing or seeking to provide investment advisory services to or on behalf of such municipal entity.

⁷ Proposed Form A-11-Interim also would require that municipal advisors provide information about the number of personnel at the firm that are engaged solely in non-municipal advisory activities. This information would be used to better understand the extent to which municipal advisory activities represent only a portion of firms' overall activities but would not be used to calculate the interim assessment.

typically would not have any assessable professionals to report for such fiscal year and therefore would not be required to pay the interim assessment.⁸

The MSRB requests that the proposed rule change be made effective October 1, 2011, which is the first day of the MSRB's fiscal year. Municipal advisors would be required to submit completed Form A-11-Interim and to make payment of the interim assessment by November 30, 2011, based on information for the period from October 1, 2010 through September 30, 2011. If in any subsequent fiscal year the MSRB has not yet replaced the interim assessment with a permanent form of assessment as described above, municipal advisors would be required to submit completed Form A-11-Interim and to make payment of the interim assessment by November 30 of such fiscal year based on information for the prior fiscal year.

(b) The MSRB believes that the proposed rule change is consistent with Section 15B(b)(2)(J) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which provides that the MSRB's rules shall:

provide that each municipal securities broker, municipal securities dealer, and municipal advisor shall pay to the Board such reasonable fees and charges as may be necessary or appropriate to defray the costs and expenses of operating and administering the Board.

In addition, Section 15B(b)(2)(L)(iv) of the Exchange Act requires that rules adopted by the MSRB:

not impose a regulatory burden on small municipal advisors that is not necessary or appropriate in the public interest and for the protection of investors, municipal entities, and obligated persons, provided that there is robust protection of investors against fraud.

The proposed rule change would establish an interim assessment on municipal advisors that would help to defray a portion of the costs and expenses of operating and administering the MSRB's regulatory and related activities in connection with municipal advisors until such time as a permanent assessment is established based on the planned MSRB municipal advisor study described above. Although the amounts raised through the interim assessment would not be sufficient to pay all on-going costs of regulation of municipal advisors and also would be insufficient to cover costs already incurred in connection with the regulation of municipal advisors since the MSRB commenced such regulatory activities on October 1, 2010, the MSRB believes that it is reasonable and appropriate to impose the interim assessment pending establishment of the final form of municipal advisor assessment.

⁸ All municipal advisors would be required to submit completed Form A-11-Interim, even if such municipal advisors have no assessable professionals to report.

In approving a 2010 MSRB proposal to increase the MSRB's transaction fee and to establish a new technology fee payable by brokers, dealers and municipal securities dealers,⁹ the Commission recognized "the concerns raised by some commenters that the increase in transaction fees and the new technology fee will be used to subsidize municipal advisor regulation" and noted that the MSRB had taken certain initial steps to assess municipal advisor fees¹⁰ and expected to assess other fees on municipal advisors as appropriate. Currently, under MSRB Rule A-13, brokers, dealers and municipal securities dealers pay an underwriting fee of \$.03 per \$1000 par value of municipal securities purchased in a primary offering (with certain exceptions), a transaction fee of \$.01 per \$1000 par value of sale transactions of municipal securities (with certain exceptions), and a technology fee of \$1 for each sale transaction of municipal securities, in addition to an initial fee of \$100 under MSRB Rule A-12 and an annual fee of \$500 under MSRB Rule A-14. For the MSRB fiscal year ended September 30, 2010, the underwriting fee generated \$13,984,780 and the transaction fee generated \$6,940,551.¹¹ The technology fee became effective on January 1, 2011 and therefore the MSRB did not generate any revenue from this fee for the MSRB fiscal year ended September 30, 2010.¹² In addition, for the MSRB fiscal year ended September 30, 2010, the initial fee generated \$8,500 and the annual fee generated \$1,010,321.

Municipal advisors do not pay the underwriting, transaction or technology fee described above. The payment of the initial fee became obligatory for municipal advisors on January 1, 2011 and, as of July 22, 2011, approximately 495 municipal advisors not previously registered with the MSRB have paid the initial fee in connection with registering with the MSRB as municipal advisors, generating approximately \$49,500 from these new municipal advisor registrants.¹³ The payment of the annual fee also became obligatory for municipal advisors on January 1, 2011 and, as of July 22, 2011,

⁹ See Exchange Act Release No. 63621 (File No. SR-MSRB-2010-10) (December 29, 2010) (the "2010 Dealer Fee Order").

¹⁰ See Exchange Act Release No. 63313 (File No. SR-MSRB-2010-14) (November 12, 2010) (the "2010 Municipal Advisor Fee Order"). Municipal advisors pay an initial fee of \$100 under MSRB Rule A-12 and an annual fee of \$500 under MSRB Rule A-14, both amounts being equal to the annual and initial fees paid by brokers, dealers and municipal securities dealers under those rules.

¹¹ The amount of the transaction fee was increased from \$.005 per \$1000 par value of sale transactions to .01 per \$1000 par value of sale transactions beginning January 1, 2011. The MSRB previously estimated that this increase in the transaction fee would generate an estimated \$7 million of additional revenue annually. See 2010 Dealer Fee Order.

¹² The MSRB previously estimated that the new technology fee would generate an estimated \$10 million of revenue annually. See 2010 Dealer Fee Order.

¹³ The amount generated from the initial fee is expected to be significantly lower in future years since such fee is payable by each municipal advisor only once upon initial registration with the MSRB.

these newly registered municipal advisors have paid the annual fee in connection with their first year as registered municipal advisors in an aggregate amount of approximately \$247,500. The MSRB expects that, together with the initial fee and annual fee, the proposed interim assessment payable by municipal advisors would generate well under 10 percent of the MSRB's total annual revenue in the fiscal year beginning October 1, 2011.¹⁴ Thus, the MSRB believes that the burden on municipal advisors of the proposed interim assessment would be reasonable and appropriate and would be relatively small compared to the burden of fees and assessments paid by brokers, dealers and municipal securities dealers.

The amount of the interim assessment payable by each municipal advisor firm would be dependent on the number of assessable professionals of the firm and therefore would result in lower assessments for smaller municipal advisor firms and would bear a reasonable relationship with the level of municipal advisory activities undertaken by each municipal advisor firm. In addition, as noted above, because of the gross income threshold in the definition of assessable professional, municipal advisors that generate revenues of less than \$10,000 in connection with their municipal advisory activities during the fiscal year typically would not have any assessable professionals to report for such fiscal year and therefore would not be required to pay the interim assessment. Accordingly, the interim assessment would minimize the regulatory burden on small municipal advisors.

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

The MSRB does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Exchange Act since it would apply equally to all municipal advisors based on the number of assessable professionals of each firm.

5. Self-Regulatory Organization's Statement on Comments Received on the Proposed Rule Change by Members, Participants, or Others.

Written comments were neither solicited nor received on the proposed rule change.

6. Extension of Time Period of Commission Action

The MSRB declines to consent to an extension of the time period specified in Section 19(b)(2) of the Act.

¹⁴ Approximately 185 brokers, dealers and municipal securities dealers previously registered with the MSRB as such have also registered with the MSRB as municipal advisors as of July 22, 2011 and such firms also would be subject to the proposed interim assessment.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

Not applicable.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

Not applicable.

9. Exhibits

1. Federal Register Notice
3. Form A-11-Interim

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(RELEASE NO. 34- ; File No. SR-MSRB-2011-08)

Self-Regulatory Organizations; Municipal Securities Rulemaking Board; Notice of Filing of Proposed New Rule A-11, on Municipal Advisor Assessments, and New Form A-11-Interim

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“the Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on July 26, 2011, the Municipal Securities Rulemaking Board (“Board” or “MSRB”) 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 is filing with the SEC a proposed rule change consisting of (i) proposed new Rule A-11, on municipal advisor assessments, and (ii) new Form A-11-Interim (the “proposed rule change”). The MSRB requests that the proposed rule change be made effective October 1, 2011.

The text of the proposed rule change is available on the MSRB’s website at www.msrb.org/Rules-and-Interpretations/SEC-Filings/2011-Filings.aspx, at the MSRB’s principal office, and at the Commission’s Public Reference Room.

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 Board 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

The proposed rule change consists of new Rule A-11, on municipal advisor assessments, and new Form A-11-Interim. The purpose of the proposed rule change is to levy a reasonable interim assessment to defray a portion of the costs and expenses of operating and administering the MSRB, including in particular the increased costs and expenses attributable to the regulation of municipal advisors that the MSRB began to incur upon being vested with rulemaking authority in this area under the Dodd-Frank Wall Street Reform and Consumer Protection Act.³ The MSRB expects the interim assessment to remain in effect in the form proposed in the proposed rule change for a limited period of time during which the MSRB would examine the nature of the municipal advisory activities undertaken by municipal advisors as well as the manner and level of compensation received by municipal advisors for such municipal advisory activities (the "MSRB municipal advisor study").⁴ Based on the MSRB's findings, the MSRB would then consider whether to replace the interim assessment with a permanent form of

³ Public Law No. 111-203.

⁴ Concurrent with the filing of this proposed rule change, the MSRB published for comment a draft amendment to proposed Rule A-11 and draft Form A-11-Survey pursuant to which the MSRB would collect the necessary information from municipal advisors to undertake such examination. See MSRB Notice 2011-34 (July 26, 2011). The MSRB would file the draft Rule A-11 amendment and draft Form A-11-Survey with the Commission prior to undertaking such collection of information.

assessment on municipal advisors that would, together with other MSRB assessments payable by municipal advisors, brokers, dealers and municipal securities dealers, provide for reasonable assessments that are fairly and equitably apportioned among all market participants subject to MSRB regulation and that do not impose an undue burden on small municipal advisors.

The interim assessment under proposed Rule A-11 would consist of an annual assessment equal to \$300 for each assessable professional reported or required to be reported by a municipal advisor to the MSRB on Form A-11-Interim for each fiscal year. Completed Form A-11-Interim and payment of the interim assessment would be due by November 30 of each year. Form A-11-Interim would be completed and submitted, and the interim assessment would be paid, in the manner set forth in the Instructions for Interim Municipal Advisor Assessment and Form A-11-Interim.

For purposes of the interim assessment, an assessable professional of a municipal advisor would, pursuant to proposed Rule A-11(b)(i), consist of any natural person who is an associated person of the municipal advisor who has received compensation or other payments from the municipal advisor (excluding reimbursement for out-of-pocket expenses) includable in such person's gross income for federal income tax purposes in the amount of \$10,000 or more during the fiscal year of the MSRB for which the municipal advisor is submitting Form A-11-Interim and who provides services in connection with the municipal advisor's municipal advisory activities as defined in Rule D-13. Such services include, but are not limited to:

(A) engaging in municipal advisory business⁵ with a municipal entity or obligated person;

⁵ Proposed Rule A-11(b)(ii) would define municipal advisory business as the provision of advice to or on behalf of a municipal entity or an obligated person with respect to municipal financial products or the issuance of municipal securities.

(B) soliciting⁶ municipal advisory business with a municipal entity or obligated person on its own behalf or soliciting third-party business;⁷

(C) providing research or analytical services to other personnel of the municipal advisor engaged in the services described in paragraph (A) or (B) above or to clients of the municipal advisor, where such research or analytic services are related to the services described in paragraph (A) or (B) above;

(D) acting as supervisor of any person described in paragraph (A), (B) or (C) above with respect to such person's services as described in paragraph (A), (B) or (C) above;

(E) acting as supervisor of any person described in paragraph (D) above up through and including the Chief Executive Officer or similarly situated official; or

(F) serving as a member of the municipal advisor's executive or management committee or similarly situated officials, if any.

Notwithstanding the foregoing, a municipal advisor would not be required to include on Form A-11-Interim as an assessable professional any associated person (i) who otherwise qualifies as an assessable professional if such associated person is included on Form A-11-Interim for such fiscal year as an assessable professional of another municipal advisor that controls, is controlled

⁶ Under proposed Rule A-11(b)(iii), an associated person of a municipal advisor would be viewed as soliciting municipal advisory business if the associated person undertakes any direct or indirect communication with a municipal entity or obligated person for the purpose of obtaining or retaining: (A) municipal advisory business for such municipal advisor with a municipal entity or obligated person; or (B) third-party business.

⁷ Proposed Rule A-11(b)(iv) would define third-party business as an engagement by a municipal entity of another person that does not control, is not controlled by, or is not under common control with the person soliciting such engagement, where such other person is: (A) a broker, dealer, municipal securities dealer, or municipal advisor engaging or seeking an engagement with such municipal entity in connection with municipal financial products or the issuance of municipal securities; or (B) an investment adviser (as defined in section 202 of the Investment Advisers Act of 1940) providing or seeking to provide investment advisory services to or on behalf of such municipal entity.

by, or is under common control with such municipal advisor, or (ii) whose functions are solely clerical or ministerial.

Proposed Form A-11-Interim would require that municipal advisors provide information about the number of assessable professionals who, during the fiscal year for which the assessment is calculated, were principal/supervisory personnel or other advisory personnel. Principal/supervisory personnel would consist of any assessable professional who is either described in paragraph (D), (E) or (F) of the definition of assessable professional or who is a partner or other equity owner of the municipal advisor firm having a cumulative ownership interest representing at least 2.5% of the firm. All other assessable professionals would be reported as other advisory personnel. The interim assessment would be calculated based on the sum of principal/supervisory personnel and other advisory personnel.⁸ Because of the gross income threshold in the definition of assessable professional, municipal advisors that generate revenues of less than \$10,000 in connection with their municipal advisory activities during the fiscal year typically would not have any assessable professionals to report for such fiscal year and therefore would not be required to pay the interim assessment.⁹

The MSRB requests that the proposed rule change be made effective October 1, 2011, which is the first day of the MSRB's fiscal year. Municipal advisors would be required to submit completed Form A-11-Interim and to make payment of the interim assessment by November 30, 2011, based on information for the period from October 1, 2010 through

⁸ Proposed Form A-11-Interim also would require that municipal advisors provide information about the number of personnel at the firm that are engaged solely in non-municipal advisory activities. This information would be used to better understand the extent to which municipal advisory activities represent only a portion of firms' overall activities but would not be used to calculate the interim assessment.

⁹ All municipal advisors would be required to submit completed Form A-11-Interim, even if such municipal advisors have no assessable professionals to report.

September 30, 2011. If in any subsequent fiscal year the MSRB has not yet replaced the interim assessment with a permanent form of assessment as described above, municipal advisors would be required to submit completed Form A-11-Interim and to make payment of the interim assessment by November 30 of such fiscal year based on information for the prior fiscal year.

2. Statutory Basis

The MSRB believes that the proposed rule change is consistent with Section 15B(b)(2)(J) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), which provides that the MSRB’s rules shall:

provide that each municipal securities broker, municipal securities dealer, and municipal advisor shall pay to the Board such reasonable fees and charges as may be necessary or appropriate to defray the costs and expenses of operating and administering the Board.

In addition, Section 15B(b)(2)(L)(iv) of the Exchange Act requires that rules adopted by the MSRB:

not impose a regulatory burden on small municipal advisors that is not necessary or appropriate in the public interest and for the protection of investors, municipal entities, and obligated persons, provided that there is robust protection of investors against fraud.

The proposed rule change would establish an interim assessment on municipal advisors that would help to defray a portion of the costs and expenses of operating and administering the MSRB’s regulatory and related activities in connection with municipal advisors until such time as a permanent assessment is established based on the planned MSRB municipal advisor study described above. Although the amounts raised through the interim assessment would not be sufficient to pay all on-going costs of regulation of municipal advisors and also would be insufficient to cover costs already incurred in connection with the regulation of municipal advisors since the MSRB commenced such regulatory activities on October 1, 2010, the MSRB

believes that it is reasonable and appropriate to impose the interim assessment pending establishment of the final form of municipal advisor assessment.

In approving a 2010 MSRB proposal to increase the MSRB's transaction fee and to establish a new technology fee payable by brokers, dealers and municipal securities dealers,¹⁰ the Commission recognized "the concerns raised by some commenters that the increase in transaction fees and the new technology fee will be used to subsidize municipal advisor regulation" and noted that the MSRB had taken certain initial steps to assess municipal advisor fees¹¹ and expected to assess other fees on municipal advisors as appropriate. Currently, under MSRB Rule A-13, brokers, dealers and municipal securities dealers pay an underwriting fee of \$.03 per \$1000 par value of municipal securities purchased in a primary offering (with certain exceptions), a transaction fee of \$.01 per \$1000 par value of sale transactions of municipal securities (with certain exceptions), and a technology fee of \$1 for each sale transaction of municipal securities, in addition to an initial fee of \$100 under MSRB Rule A-12 and an annual fee of \$500 under MSRB Rule A-14. For the MSRB fiscal year ended September 30, 2010, the underwriting fee generated \$13,984,780 and the transaction fee generated \$6,940,551.¹² The technology fee became effective on January 1, 2011 and therefore the MSRB did not generate

¹⁰ See Exchange Act Release No. 63621 (File No. SR-MSRB-2010-10) (December 29, 2010) (the "2010 Dealer Fee Order").

¹¹ See Exchange Act Release No. 63313 (File No. SR-MSRB-2010-14) (November 12, 2010) (the "2010 Municipal Advisor Fee Order"). Municipal advisors pay an initial fee of \$100 under MSRB Rule A-12 and an annual fee of \$500 under MSRB Rule A-14, both amounts being equal to the annual and initial fees paid by brokers, dealers and municipal securities dealers under those rules.

¹² The amount of the transaction fee was increased from \$.005 per \$1000 par value of sale transactions to .01 per \$1000 par value of sale transactions beginning January 1, 2011. The MSRB previously estimated that this increase in the transaction fee would generate an estimated \$7 million of additional revenue annually. See 2010 Dealer Fee Order.

any revenue from this fee for the MSRB fiscal year ended September 30, 2010.¹³ In addition, for the MSRB fiscal year ended September 30, 2010, the initial fee generated \$8,500 and the annual fee generated \$1,010,321.

Municipal advisors do not pay the underwriting, transaction or technology fee described above. The payment of the initial fee became obligatory for municipal advisors on January 1, 2011 and, as of July 22, 2011, approximately 495 municipal advisors not previously registered with the MSRB have paid the initial fee in connection with registering with the MSRB as municipal advisors, generating approximately \$49,500 from these new municipal advisor registrants.¹⁴ The payment of the annual fee also became obligatory for municipal advisors on January 1, 2011 and, as of July 22, 2011, these newly registered municipal advisors have paid the annual fee in connection with their first year as registered municipal advisors in an aggregate amount of approximately \$247,500. The MSRB expects that, together with the initial fee and annual fee, the proposed interim assessment payable by municipal advisors would generate well under 10 percent of the MSRB's total annual revenue in the fiscal year beginning October 1, 2011.¹⁵ Thus, the MSRB believes that the burden on municipal advisors of the proposed interim assessment would be reasonable and appropriate and would be relatively small compared to the burden of fees and assessments paid by brokers, dealers and municipal securities dealers.

¹³ The MSRB previously estimated that the new technology fee would generate an estimated \$10 million of revenue annually. See 2010 Dealer Fee Order.

¹⁴ The amount generated from the initial fee is expected to be significantly lower in future years since such fee is payable by each municipal advisor only once upon initial registration with the MSRB.

¹⁵ Approximately 185 brokers, dealers and municipal securities dealers previously registered with the MSRB as such have also registered with the MSRB as municipal advisors as of July 22, 2011 and such firms also would be subject to the proposed interim assessment.

The amount of the interim assessment payable by each municipal advisor firm would be dependent on the number of assessable professionals of the firm and therefore would result in lower assessments for smaller municipal advisor firms and would bear a reasonable relationship with the level of municipal advisory activities undertaken by each municipal advisor firm. In addition, as noted above, because of the gross income threshold in the definition of assessable professional, municipal advisors that generate revenues of less than \$10,000 in connection with their municipal advisory activities during the fiscal year typically would not have any assessable professionals to report for such fiscal year and therefore would not be required to pay the interim assessment. Accordingly, the interim assessment would minimize the regulatory burden on small municipal advisors.

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

The MSRB does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Exchange Act since it would apply equally to all municipal advisors based on the number of assessable professionals of each firm.

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

Written comments were neither solicited nor received on the proposed rule change.

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 (i) as the Commission may designate up to 90 days of such date 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 e-mail to rule-comments@sec.gov. Please include File Number SR-MSRB-2011-08 on the subject line.

Paper comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-MSRB-2011-08. This file number should be included on the subject line if e-mail 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 website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 am and 3:00 pm.

Copies of such filing also will be available for inspection and copying at the MSRB's offices. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-MSRB-2011-08 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁶

Elizabeth M. Murphy
Secretary

¹⁶ 17 CFR 200.30-3(a)(12).

MSRB FORM A-11-INTERIM

**MUNICIPAL SECURITIES RULEMAKING BOARD
Municipal Advisor Interim Assessment
due in the MSRB Fiscal Year Beginning October 1, [insert year]**

Form A-11-Interim must be submitted, and the Municipal Advisor Interim Assessment must be paid, by November 30, [insert year]

(Refer to *Instructions for Interim Municipal Advisor Assessment and Form A-11-Interim*)

ITEM 1 -- MUNICIPAL ADVISOR FIRM

1-a	Name of Firm:	
1-b	MSRB Registration Number of Firm:	

ITEM 2 -- NUMBER OF ASSESSABLE PROFESSIONALS

for the previous fiscal year (October 1, [insert year] – September 30, [insert year])

2-a	Enter Number of Principal/Supervisory Personnel Number of owners, partners, principals, directors, supervisors, and managers engaging in or supervising municipal advisory activities:	
2-b	Enter Number of Other Advisory Personnel Number of other personnel engaging in municipal advisory activities:	
2-c	Total Number of Assessable Professionals: [Item 2-a + Item 2-b]	

2-d	Enter total number of personnel engaged solely in non-municipal advisory activities:	
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2-e	Total staff: [Item 2-c + Item 2-d]	
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ITEM 3 -- ASSESSMENT CALCULATION

3-a	Total Number of Assessable Professionals: [from Item 2-c]	
3-b	Assessment Amount Per Assessable Professional:	\$300/person
	TOTAL ASSESSMENT DUE: [Item 3-a X \$300]	

ITEM 4 -- PAYMENT OF ASSESSMENT,
due November 30, [insert year] (**check one**)

4-a	Check -- Payment in full of the assessment, in the amount of the Total Assessment, is enclosed:	
4-b	Credit Card -- Payment in full of the assessment, in the amount of the Total Assessment, has been made by credit card:	
4-c	Electronic Funds Transfer -- Payment in full of the assessment, in the amount of the Total Assessment, has been submitted via ACH electronic funds transfer:	

ITEM 5 -- SUBMITTER

5-a	Name of Submitter:	
5-b	Title of Submitter:	
5-c	Phone Number of Submitter:	
5-d	E-Mail of Submitter:	
5-e	Date Submitted:	

Deadline for Submission of Form A-11-Interim and Payment of Municipal Advisor Interim Assessment – Form A-11-Interim must be completed and returned to the MSRB, and the Municipal Advisor Interim Assessment must be paid to the MSRB, by **no later than November 30 of each fiscal year.**

Refer to *Instructions for Interim Municipal Advisor Assessment and Form A-11-Interim* for instructions on how to complete and submit Form A-11 Interim and how to pay the Municipal Advisor Assessment.

Definitions of certain terms used in Form A-11-Interim

- A natural person is considered to be an **“assessable professional”** of a municipal advisor firm for purposes of Rule A-11 if such person is an associated person of the municipal advisor firm who has received compensation or other payments from the municipal advisor firm (excluding reimbursement for out-of-pocket expenses) includable in such person’s gross income for federal income tax purposes in the amount of \$10,000 or more during the period from October 1, [insert year] to September 30, [insert year] and who provides services in connection with the municipal advisor firm’s municipal advisory activities as defined in MSRB Rule D-13. Such services include, but are not limited to:
 - (A) engaging in municipal advisory business with a municipal entity or obligated person;
 - (B) soliciting municipal advisory business from a municipal entity or obligated person on its own behalf or soliciting third-party business;
 - (C) providing research or analytical services to other personnel of the municipal advisor firm engaged in the services described in paragraph (A) or (B) above or to clients of the municipal advisor firm, where such research or analytic services are related to the services described in paragraph (A) or (B) above;
 - (D) acting as supervisor of any person described in paragraph (A), (B) or (C) above with respect to such person’s services as described in paragraph (A), (B) or (C) above;

(E) acting as supervisor of any person described in paragraph (D) above up through and including the Chief Executive Officer or similarly situated official; or

(F) serving as a member of the municipal advisor's executive or management committee or similarly situated officials, if any.

Notwithstanding the foregoing, a municipal advisor firm shall not be required to include on Form A-11-Interim as an assessable professional any associated person (i) who otherwise qualifies as an assessable professional if such associated person is included on Form A-11-Interim for such fiscal year as an assessable professional of another municipal advisor firm that controls, is controlled by, or is under common control with such municipal advisor firm, or (ii) whose functions are solely clerical or ministerial.

- An assessable professional shall be considered “**principal/supervisory personnel**” for purposes of Rule A-11 if:
 - (A) such assessable professional is described in paragraph (D), (E) or (F) of the definition of assessable professional; or
 - (B) such assessable professional is a partner or other equity owner of the municipal advisor firm having a cumulative ownership interest representing at least 2.5% of the firm.
- An assessable professional shall be considered “**other advisory personnel**” for purposes of Rule A-11 if such assessable professional is not considered principal/supervisory personnel.
- A person is considered an “**associated person**” of a municipal advisor if such person is:
 - (A) a partner, officer, director, or branch manager of such municipal advisor (or any person occupying a similar status or performing similar functions);
 - (B) an employee of such municipal advisor who is engaged in the management, direction, supervision, or performance of any activities relating to the provision of advice to or on behalf of a municipal entity or obligated person with respect to municipal financial products or the issuance of municipal securities; or
 - (C) directly or indirectly controlling, controlled by, or under common control with such municipal advisor.
- “**Municipal advisory business**” means the provision of advice to or on behalf of a municipal entity or an obligated person with respect to municipal financial products or the issuance of municipal securities.
- The term “**soliciting**,” as it applies to an associated person of a municipal advisor, refers to any direct or indirect communication by such associated person with a municipal entity or obligated person for the purpose of obtaining or retaining:
 - (A) municipal advisory business for such municipal advisor with a municipal entity or obligated person. or
 - (B) third-party business.
- “**Third-party business**” means an engagement by a municipal entity of another person that does not control, is not controlled by, or is not under common control with the person soliciting such engagement, where such other person is:
 - (A) a broker, dealer, municipal securities dealer, or municipal advisor engaging or seeking an engagement with such municipal entity in connection with municipal financial products or the issuance of municipal securities; or
 - (B) an investment adviser (as defined in section 202 of the Investment Advisers Act of 1940) providing or seeking to provide investment advisory services to or on behalf of such municipal entity.