appropriate, as it excludes from the
OATS recording and reporting
requirements those members who
conduct a floor business through NYSE
and NYSE Amex and who are currently
not subject to OTS, but to the
requirements of NYSE Rule 123 and
NYSE Amex Equities Rule 123 (Record
of Orders).17 By exempting these
members from the OATS requirements,
FINRA is not altering their current audit
trail obligations.18 The Commission
believes that FINRA’s proposed
amendment to Rule 7410 is appropriate
as these members would continue to be
required to record and report
information under NYSE Rule 123 and
NYSE Amex Equities Rule 123, and
would continue to be subject to FINRA
regulation.

IV. Conclusion

It is therefore ordered, pursuant to
Section 19(b)(2) of the Act,19 that the
proposed rule change (SR–FINRA–
2010–044), be, and hereby is, approved.

For the Commission, by the Division of
Trading and Markets, pursuant to delegated
authority.20

Florence E. Harmon,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–63313; File No. SR–MSRB–
2010–14]

Self-Regulatory Organizations;
Municipal Securities Rulemaking
Board; Notice of Filing and Immediate
Effectiveness of Amendments to Rule
A–12, on Initial Fee, and Rule A–14, on
Annual Fee

November 12, 2010.

Pursuant to Section 19(b)(1) of the
Securities Exchange Act of 1934 (the
“Act”),2 and Rule 19b–4 thereunder,2
notice is hereby given that on November
9, 2010, the Municipal Securities
Rulemaking Board (“Board” or “MSRB”),
filed with the Securities and Exchange
Commission (“Commission”) the
proposed rule change as described in
Items I, II and III below, which Items
have been prepared by the MSRB. The
MSRB has designated the proposed rule change as changing a fee applicable to
municipal advisors pursuant to Section
19(b)(3)(A)(ii) of the Act,3 and Rule
19b–4(f)(2) thereunder,4 which renders
the proposal effective upon filing with
the Commission. 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 a proposed rule change consisting of amendments to
Rule A–12, on initial fee, and Rule A–
14, on annual fee, to provide for the
payment to the Board by municipal
advisors of initial and annual fees. The
proposed rule change is effective
immediately upon filing.

The proposed rule change would
apply to municipal advisors
immediately; however, it will have a
deferred compliance date of December
31, 2010. The text of the proposed rule change is available on the MSRB’s Web
site at http://www.msrb.org/Rules-and-
Interpretations/SEC-Filings/2010-
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

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

The purpose of the proposed rule change is to provide for the assessment of
reasonable fees to defray a portion of
the increased costs and expenses
associated with the operation and
administration of the Board attributable
to the Board’s regulation of municipal
advisors, including an initial fee of $100
and an annual fee of $500. Except as
described below, the proposed rule
change applies the provisions of Rules
A–12 and A–14 to municipal advisor
firms in the same manner that they
currently apply to brokers, dealers, and
municipal securities dealers (“dealers”).
Individuals will not be required to pay
these fees unless they are sole
proprietorships. Although the initial fee
under Rule A–12 normally would be
payable to the Board prior to a
municipal advisor engaging in any
municipal advisory activities, the
proposed rule change would permit a
municipal advisor firm to engage in
such activities prior to January 1, 2011
so long as the initial fee is paid by
January 1, 2011. Similarly, although the
annual fee under Rule A–14 normally
would be payable by October 31 of each
fiscal year (or, for municipal advisor
firms becoming subject to MSRB rules
in the current fiscal year,
simultaneously with the initial fee
under Rule A–12), the proposed rule
change would permit a municipal
advisor firm to engage in such activities prior to January 1, 2011 so long as the
annual fee for the current fiscal year of
the Board is paid by January 1, 2011.
Each firm subject to the rules of the
Board shall be required to pay the initial
fee only once, and the annual fee only
once each fiscal year, even if a firm is
both a dealer and a municipal advisor.

2. Statutory Basis

The MSRB believes that the proposed
rule change is consistent with Section
15B(b)(2)(F) of the Act, which provides
that the Board’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.

The $100 initial fee imposed on
municipal advisor firms by amended Rule
A–12 and the $500 annual fee imposed
on municipal advisor firms by amended Rule
A–14 are reasonable. In its filing, the
MSRB noted that the annual fee is
comparable to the fees that municipal
advisors must pay to State regulators if
they must register as investment
advisers. The initial fee is less than most
States impose for the initial registration of
investment advisers. The revenue
resulting from these fees will defray
only a small portion of the cost of MSRB
regulation of municipal advisors.


17 NYSE Rule 123 and NYSE Amex Equities Rule 123 pertain to orders or commitments or obligations
to trade originated on or transmitted to the floor of
each exchange.

18 These members would be subject to FINRA’s oversight, as FINRA assumed the market
surveillance and enforcement functions of NYSE
Regulation, Inc. in June 2010, pursuant to a multi-
party regulatory services agreement with NYSE
Regulation, Inc., NYSE, NYSE Amex, and NYSE
Arca. See “FINRA and NYSE Euronext Complete
Agreement for FINRA to Perform NYSE
Regulation’s Market Oversight Functions,” FINRA
News Release [June 14, 2010], available at http://
www.finra.org/Newsroom/NewsReleases/2010/
P121622.


Section 15B(2)(L) of the Act requires that rules adopted by the Board 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 does not impose a regulatory burden on small advisors that is not necessary or appropriate in the public interest and for the protection of investors, municipal entities, and obligated persons and for the robust protection of investors against fraud. The MSRB stated that it considers the $100 initial fee and $500 annual fee to be de minimis. The annual fee is comparable to the fees that municipal advisors must pay to State regulators if they must register as investment advisers. The initial fee is less than most States impose for the initial registration of investment advisers. The MSRB stated that, while the proposed rule change, at best, imposes only a de minimis burden on municipal advisors, the proposed rule change is necessary to help defray the costs of the MSRB’s registration of municipal advisors, which in turn permits the MSRB to have a record of the municipal advisors it regulates, so that it may keep them abreast of regulatory developments, better target its rulemaking and professional qualifications examinations to different types of municipal advisors, and identify to the Commission those municipal advisors who have reportedly violated MSRB rules.

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 Act, since it would apply equally to all municipal advisors.

C. Self-Regulatory Organization’s Statement 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

The proposed rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act 8 and Rule 19b–4(f)(2) 9 thereunder, in that it establishes fees applicable to municipal advisors. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.7

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–2010–14 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–2010–14. 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 Internet Web site (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 Web site 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 a.m. and 3 p.m. Copies of such filing also will be available for inspection and copying at the principal office of the MSRB. 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–2010–14 and should be submitted on or before December 9, 2010.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.8

Florence E. Harmon, Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; Municipal Securities Rulemaking Board; Notice of Filing and Immediate Effectiveness of Revisions to the Study Outline and Selection Specifications for the Municipal Securities Representative Qualification Examination (Series 52) Program

November 12, 2010.

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 November 10, 2010, the Municipal Securities Rulemaking Board (“Board” or “MSRB”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) a proposed rule change (File No. SR–MSRB–2010–12) (“the proposed rule change”) as described in Items I, II, and III below, which items have been prepared by the MSRB. The MSRB has designated the proposed rule change as constituting a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule of the self-regulatory organization pursuant to Section 19(b)(3)(A)(i) 3 of the Act and Rule 19b–4(f)(1) thereunder,4 which renders the proposal effective upon filing with the Commission. The MSRB proposes to implement the revised Series 52 examination program on January 3, 2011. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.


[8011–01–P]

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