

2020-07

**Publication Date**  
March 9, 2020

**Stakeholders**  
Municipal Securities  
Dealers, Municipal  
Advisors, Issuers,  
Investors, General  
Public

**Notice Type**  
Regulatory Reminder

**Category**  
Regulated Entity  
Administration

**Affected Rules**  
[Rule G-27](#), [Rule G-44](#)

## MSRB Reminds Regulated Entities of Application of Supervisory Requirements in Light of Coronavirus

### Introduction

The Municipal Securities Rulemaking Board (MSRB) is closely monitoring the impact of the coronavirus disease (COVID-19) on municipal market participants, including municipal securities dealers, municipal advisors, issuers and investors. In light of the recent public health concerns due to the outbreak, the MSRB recognizes that the coronavirus may present operational challenges and business disruption for regulated entities.

To address concerns regarding potential business and operational challenges, the MSRB is issuing this reminder to regulated entities regarding the supervision of municipal securities and municipal advisory activities and that of their associated persons.

### Application of Supervisory Requirements

MSRB Rule G-27, on supervision, requires brokers, dealers and municipal securities dealers (“dealers”) to supervise the conduct of the municipal securities activities of the dealer and that of its associated persons to ensure compliance with Board rules and the applicable provisions of the Exchange Act and rules thereunder (“applicable rules”). Additionally, Rule G-27(b), on supervisory systems, requires dealers to establish and maintain a system to supervise the municipal securities activities of each registered representative, registered principal, and other associated persons that is reasonably designed to achieve compliance with applicable rules. Pursuant to Rule G-27(c) dealers must adopt, maintain and enforce written supervisory procedures (WSPs) that, among other things, codify dealers’ supervisory system for ensuring compliance. **Rule G-27 does not mandate that supervision be done in-person, recognizing that technology plays a prominent role in how dealers conduct their supervisory reviews and a reasonably designed supervisory system could incorporate remote supervision.**



Receive emails about  
MSRB Notices.

MSRB Rule G-44, on supervisory and compliance obligations of municipal advisors, requires that each municipal advisor establish, implement, and maintain a system to supervise the municipal advisory activities of the municipal advisor and its associated persons that is reasonably designed to achieve compliance with applicable securities laws and regulations, including applicable Board rules. **Similarly, Rule G-44 does not mandate that supervision be done in-person, recognizing that technology plays a prominent role in how business is conducted, municipal advisors could establish a reasonably designed supervisory system that incorporates remote supervision.**

March 9, 2020

\* \* \* \* \*