



MSRB NOTICE 2008-32 (JULY 22, 2008)

AMENDMENTS APPROVED TO RULES G-11, G-12 AND G-8

[Home Page](#) | [Back](#)

On July 15, 2008, the Securities and Exchange Commission approved amendments to Rule G-11, on new issue syndicate practices, Rule G-12, on uniform practice, and Rule G-8, on books and records.^[1] The amendments consolidate the syndicate practices provisions into Rule G-11, as well as note the requirements for the settlement and recordkeeping of joint or similar accounts in Rules G-12 and G-8, respectively. The amendments also correct certain cross-references in the rules. The amendments became effective upon approval.

Questions about the amendments may be directed to Ronald W. Smith, Senior Legal Associate, at 703-797-6721.

July 22, 2008

TEXT OF AMENDMENTS^[2]

Rule G-11: New Issue Syndicate Practices

(a)-(c) No change.

(d) Disclosure of Group Orders. Every broker, dealer or municipal securities dealer that submits a group order to a syndicate or to a member of a syndicate shall disclose at the time of submission of such order the identity of the person for whom the order is submitted. This section shall not apply to a qualified note syndicate as defined in **subsection (a)(ix)** [paragraph (a)(x)] above.

(e)-(f) No change.

(g) Designations and Allocations of Securities. The senior syndicate manager shall:

(i)-(ii) No change.

(iii) disclose, in writing, to each member of the syndicate all available information on designations paid to syndicate and non-syndicate members expressed in total dollar amounts within 10 business days following the date of sale and all information about designations paid to syndicate and non-syndicate members expressed in total dollar amounts with the sending of the designation checks pursuant to **section (j) below** [rule G-12(k)]; and

(iv) No change.

(h) Disclosure of Syndicate Expenses and Other Information. At or before the final settlement of a syndicate account, the senior syndicate manager shall furnish to the other members of the syndicate:

(i) No change.

(ii) a summary statement showing:

(A) No change.

(B) the identity of each person submitting a group order to which securities have been allocated as well as the aggregate par value and maturity date of each maturity so allocated except that this subparagraph shall not apply to the senior syndicate manager of a qualified note syndicate as defined in subsection (a)(ix) [paragraph (a)(x)] above; and

(C) the aggregate par values and prices (expressed in terms of dollar prices or yields) of all securities sold from the syndicate account. This subparagraph shall not apply to a qualified note syndicate as defined in subsection (a)(ix) [paragraph (a)(x)] above.

(i) Settlement of Syndicate or Similar Account. Final settlement of a syndicate or similar account formed for the purchase of securities shall be made within 60 calendar days following the date all securities have been delivered by the syndicate or account manager to the syndicate or account members.

(j) Payments of Designations. Any credit designated by a customer in connection with the purchase of securities as due to a member of a syndicate or similar account shall be distributed to such member by the broker, dealer or municipal securities dealer handling such order within 30 calendar days following the date the issuer delivers the securities to the syndicate.

* * * *

Rule G-12: Uniform Practice

(a)-(h) No change.

[(i) Good Faith Deposits. Good faith deposits shall be returned by the manager of a syndicate or similar account formed for the purchase of securities from an issuer, to the members of the syndicate or account within two business days following the date of settlement with the issuer, or, in the event the syndicate or account is not successful in purchasing the issue, within two business days following the return of the deposit from the issuer.]

[(j)] (i) Settlement of [Syndicate] Joint or Similar Account. Final settlement of a [syndicate] joint or similar account formed for the purchase of securities shall be made within 60 days following the date all securities have been delivered by the syndicate or account manager to the syndicate or account members.

[(k) Any credit designated by a customer in connection with the purchase of securities as due to a member of a syndicate or similar account shall be distributed to such member by the broker, dealer or municipal securities dealer handling such order within 30 calendar days following the date the issuer delivers the securities to the syndicate.]

[(l)] (j) Interest Payment Claims. No change.

* * * *

Rule G-8: Books and Records to be Made by Brokers, Dealers and Municipal Securities Dealers

(a)-(a)(vii) No change.

(a)(viii) Records of Syndicate Transactions. With respect to each syndicate, joint or similar account formed for the purchase of municipal securities, records shall be maintained by a managing underwriter designated by the syndicate or account to maintain the books and records of the syndicate or

account, showing the description and aggregate par value of the securities, the name and percentage of participation of each member of the syndicate or account, the terms and conditions governing the formation and operation of the syndicate or account (including a separate statement of all terms and conditions required by the issuer), all orders received for the purchase of the securities from the syndicate or account (except bids at other than syndicate price), all allotments of securities and the price at which sold, the date and amount of any good faith deposit made to the issuer, the date of settlement with the issuer, the date of closing of the account, and a reconciliation of profits and expenses of the account.

(a)(ix) – (g) No change.

[1] Exchange Act Release No. 58154 (July 15, 2008), 73 FR 42388 (July 21, 2008).

[2] Underlining indicates additions; brackets denote deletions.

©2010 Municipal Securities Rulemaking Board. All Rights Reserved. [Terms and Conditions of Use](#).