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MSRB Requests Comment on Extending Gifts Rule to Municipal Advisors.

Alexandria, VA - The Municipal Securities Rulemaking Board (MSRB) is [requesting comment](#) on a proposal to establish limitations on gifts given by municipal advisors in their professional capacity. The draft amendments to the MSRB's existing gifts rule for dealers, Rule G-20, are designed primarily to extend the provisions of the rule to municipal advisors.

The MSRB recently sought public input on a proposal to apply its dealer rule on pay-to-play practices to municipal advisors. The MSRB's focus on developing rules to address potential conflicts of interest is consistent with the Dodd-Frank Wall Street Reform and Consumer Protection Act, which charged the MSRB with developing a comprehensive regulatory framework for municipal advisors.

"Restrictions on excessive gift-giving by municipal finance professionals are critical to ensuring that important state and local financing decisions are based on merit," said MSRB Executive Director Lynnette Kelly. "The MSRB seeks to hold all regulated financial professionals to the same high standards of integrity in their work with state and local governments."

MSRB Rule G-20 currently establishes a \$100 limit for gifts given by dealers to employees of entities engaged in municipal securities activities, subject to certain exceptions. The draft amendments would hold municipal advisor gift-giving to this same limit. Additionally, as part of the MSRB's broad initiative to streamline its rulebook and facilitate compliance, the MSRB is proposing to codify guidance on the application of the rule in particular situations that is currently in several MSRB and MSRB-referenced Financial Industry Regulatory Authority (FINRA) interpretive materials.

The draft amendments for municipal advisors also would explicitly prohibit dealers and municipal advisors from receiving reimbursement of certain entertainment expenses from the proceeds of an offering of municipal securities. This provision would address a regulatory gap recently highlighted by a FINRA enforcement action.

Comments are due no later than December 8, 2014. The MSRB will host a webinar on the proposed changes on Thursday, November 13, 2014 at 3 p.m. ET. [Register for the webinar.](#)

To assist municipal advisors in sharing their input on proposed rules, the MSRB has produced a guide to participating in the rulemaking process. The Resources for Municipal Advisors section of the MSRB's website includes additional educational resources and news for municipal advisors.

"As the regulatory environment continues to evolve, the MSRB recognizes the need for continued education and outreach to municipal advisor professionals," Kelly said.

The draft amendments to the MSRB's gifts and pay-to-play rules are among several new regulatory provisions for municipal advisors now in development. The MSRB filed its proposed municipal advisor supervision and compliance rule for Securities and Exchange Commission (SEC) approval. The MSRB plans to file a proposal for SEC approval to set baseline professional qualification requirements for municipal advisors. The MSRB also plans to file a proposal for SEC approval to

create core standards of conduct for non-solicitor municipal advisors.

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