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MSRB Seeks Approval to Apply its Gifts Rule to Municipal Advisors.

Alexandria, VA - The Municipal Securities Rulemaking Board (MSRB) [today sought approval](#) from the Securities and Exchange Commission (SEC) to apply to municipal advisors the limitations on business-related gift-giving that currently apply to municipal securities dealers. The proposed amendments to MSRB Rule G-20 aim to address conflicts of interest that may arise from the giving of gifts or gratuities in connection with municipal advisory activities.

“Amending the MSRB’s existing gifts rule would ensure common standards for dealers and municipal advisors that all operate in the municipal securities market,” said MSRB Executive Director Lynnette Kelly. “The principles of Rule G-20, together with the MSRB’s rules on fair dealing, help preserve the integrity of the municipal market.”

The proposed amendments also would add a new provision to specifically prohibit both dealers and municipal advisors from seeking reimbursement for certain entertainment expenses from the proceeds of an offering of municipal securities. In addition, the MSRB is seeking to extend to municipal advisors related books and records requirements through proposed amendments to MSRB Rule G-8. Read the rule filing.

The Dodd-Frank Wall Street Reform and Consumer Protection Act charged the MSRB with developing a comprehensive regulatory framework for municipal advisors. In addition to today’s proposal on gift limitations, the MSRB has implemented new supervision and compliance requirements for municipal advisors and has proposed a core rule to establish standards of conduct, including fiduciary duties. The MSRB also plans to amend its existing rule on political contributions to address the potential for pay-to-play activities by municipal advisors.

[Read more about the status of the MSRB’s rulemaking for municipal advisors.](#)

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