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MSRB to Implement Gifts Rule for Municipal Advisors.

Alexandria, VA - The Municipal Securities Rulemaking Board (MSRB) has received approval from the Securities and Exchange Commission to limit the size and nature of gifts given by municipal advisors in their professional capacity advising state and local governments. The [new restrictions](#) seek to address conflicts of interest that may arise from gift-giving in connection with municipal advisory activities. The SEC also approved extending to municipal advisors related recordkeeping requirements. The new regulations, which are effective May 6, 2016, largely conform to existing MSRB regulations on gifts and related recordkeeping for municipal securities dealers.

“Applying the MSRB’s existing gifts rule for dealers to municipal advisors will help ensure that municipal advisory business is awarded on the basis of merit and not special favors,” said MSRB Executive Director Lynnette Kelly. “The changes approved today to MSRB Rule G-20 establish common standards for all municipal financial professionals and, together with MSRB’s rules on fair dealing, help preserve the integrity of the municipal market.”

Amended MSRB Rule G-20 will apply to municipal advisors and their associated persons: the general prohibition of gifts or gratuities in excess of \$100 per person per year in relation to the municipal securities activities or municipal advisory activities of the recipient’s employer; the exclusions contained in existing Rule G-20 from that general prohibition (including certain consolidations and the codifications of prior interpretive guidance) and the addition of bereavement gifts to those exclusions; and the existing exclusion relating to contracts of employment or compensation for services. In addition, Rule G-20 will explicitly prohibit both dealers and municipal advisors from receiving reimbursement of certain entertainment expenses from the proceeds of an offering of municipal securities.

The MSRB will host a webinar on the amendments to Rule G-20 on Thursday March 24, 2016 at 3:00 p.m. ET. Amended MSRB Rule G-20 is effective May 6, 2016. [Register for the webinar.](#)

The Dodd-Frank Wall Street Reform and Consumer Protection Act charged the MSRB with developing a comprehensive regulatory framework for municipal advisors. The MSRB has implemented supervision and compliance requirements for municipal advisors, and is continuing to develop standards of conduct, including fiduciary duties, for municipal advisors. 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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