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MSRB Seeks SEC Approval of Pay-to-Play Regulations for Municipal Advisors.

Washington, DC - The Municipal Securities Rulemaking Board (MSRB) today filed with the Securities and Exchange Commission (SEC) new proposed federal regulations to safeguard the municipal securities market against pay-to-play practices, and the appearance of those practices, when state and local governments hire outside financial professionals. The proposed regulations, which must be approved by the SEC to become effective, would extend the MSRB's well-established municipal securities dealer pay-to-play rule to all municipal advisors, including those acting as third-party solicitors. These would be the first MSRB rule provisions specifically tailored to the activities of those that solicit business from municipal entities on behalf of third-party municipal securities dealers, municipal advisors and investment advisors.

"For more than 20 years, the MSRB's pay-to-play rule for dealers has served as a model for other regulations to address public corruption, or the appearance of corruption," said MSRB Executive Director Lynnette Kelly. "Applying this proven model to municipal advisors will ensure that all regulated municipal finance professionals are held to the same high standards of integrity."

The Dodd-Frank Wall Street Reform and Consumer Protection Act charged the MSRB with developing a comprehensive regulatory framework for municipal advisors, whose advice to state and local governments can impact municipal finance deals in the billions of dollars. The MSRB has proposed a core slate of new or amended rules to establish standards of conduct and professional qualification for municipal advisors. [Read more about the MSRB's municipal advisor rulemaking.](#)

The proposed amendments to MSRB Rule G-37 would curb the giving of political contributions to state and local officials in exchange for the award of municipal advisory business and provide greater transparency regarding municipal advisors' political contributions. Consistent with the existing rule for dealers, the rule would generally prohibit municipal advisors from engaging in municipal advisory business with municipal entities for two years if certain political contributions have been made to officials of those entities who can influence the award of business.

Also like the existing rule for dealers, municipal advisors would be required to disclose their political contributions to municipal entity officials and bond ballot campaigns for posting on the MSRB's Electronic Municipal Market Access (EMMA®) website. Public availability of this information would facilitate enforcement of the rule and promote public scrutiny of political giving and municipal advisory business.

[View the filing.](#)

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