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## **Municipal Advisors to be Subject to New Pay-to-Play Regulations.**

Washington, DC - The Municipal Securities Rulemaking Board (MSRB) today announced that [new regulations](#) to safeguard the \$3.7 trillion municipal securities market against pay-to-play practices—and the appearance of them—when state and local governments hire outside financial professionals go into effect later this year.

The new regulations extend the MSRB's well-established municipal securities dealer pay-to-play rule to municipal advisors, including those acting as third-party solicitors, beginning August 17, 2016. The MSRB's proposed amendments to its longstanding [Rule G-37](#), on political contributions and prohibitions on municipal securities business, were deemed approved on February 13, 2016 under provisions of the Securities Exchange Act of 1934.

"The integrity of the municipal market will be well-served by regulations to help ensure that all municipal advisors that do business with state and local governments do so based on the merits of their work and not on financial influence," said MSRB Executive Director Lynnette Kelly.

The new regulations will curb, at a minimum, the appearance of quid pro quo corruption in the awarding of municipal advisory business and provide greater transparency regarding municipal advisors' political contributions. Consistent with the existing MSRB rule for dealers, the new regulations 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.

The MSRB will host an educational webinar about the rule on Thursday, July 7, 2016 at 3:00 p.m. Eastern Time. Webinar participants are eligible to receive continuing professional education credit. [Register for the webinar.](#)

The establishment of pay-to-pay regulations for municipal advisors completes the core set of regulations the MSRB prioritized for development in 2013 as a result of its mandate from the Dodd-Frank Wall Street Reform and Consumer Protection Act. The act expanded the MSRB's mission to protect municipal entities and required it to establish regulations for municipal advisors.

Municipal advisors are now subject to supervisory and compliance obligations ([MSRB Rule G-44](#)) and will be subject to new MSRB rule provisions on core standards of conduct ([Rule G-42](#)) and limitations on gift-giving ([Rule G-20](#)) that go into effect this year. In addition, the MSRB launched a pilot professional qualification exam for municipal advisors, in advance of putting a final exam in place this year.

"The MSRB has conducted its municipal advisor rulemaking in the most transparent and rigorous manner," said Kelly. "We have incorporated significant public and industry input and are pleased to have created balanced rules that protect the interests of state and local governments."

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