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MSRB: Implications for Supervisory Procedures of Newly Effective Rules.

With several MSRB rules for municipal advisors effective in 2016, the MSRB reminds municipal advisors to make any necessary modifications to their written supervisory procedures and compliance policies.

For example, provisions for municipal advisors of MSRB Rule G-20 related to gift-giving became effective on May 6, 2016. Accordingly, a municipal advisor's written supervisory procedures should now include procedures reasonably designed to avoid improprieties and conflicts of interest that may arise when regulated entities or their associated persons give gifts or gratuities in relation to the municipal advisory activities of the recipients' employers. Written supervisory procedures should include a description of how the designated municipal advisor principal(s) will monitor and review the municipal advisory activities of associated persons for compliance with Rule G-20.

Since 2015, municipal advisors have been required under MSRB Rule G-44 to have supervisory procedures and compliance policies "reasonably designed to achieve compliance with all applicable rules" and since April 23 2016, to certify annually "processes to establish, maintain, review, test and modify written compliance policies and supervisory procedures."