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SEC Approves FINRA & MSRB (Almost) Pay-to-Play Rules.

The SEC announced August 25 that it approved FINRA's pay-to-play rules governing placement-agent or solicitor broker-dealers and was "prepared" to approve the extension of MSRB Rule G-37 to municipal advisors as well.

The two rule proposals would complete the pay-to-play suite of rules across municipal securities dealers, investment advisors, broker-dealers, and municipal advisors. The bedrock Rule - MSRB's Rule G-37 governing municipal finance professionals and dealers - has been in place since 1994. After Dodd-Frank's expansion of municipal-advisory regulation, the SEC adopted a similar rule governing registered investment advisers, Rule 206(4)-5.

The latest proposals by the MSRB and FINRA complete the picture by extending Rule G-37 to municipal advisors and adopting a similar rule governing broker-dealers working with IAs and MAs.

The SEC's Order says it's ready to approve the MSRB rule proposals, but gives interested parties until September 19th to request a hearing. That might be a gambit to get past October 1st and into the next federal budget cycle: The SEC recently argued in pending litigation challenging the MSRB Rule that a Congressional budget rider prevents the agency from spending money on any effort to approve rules requiring political contribution disclosures. I discussed that [here](#).

The SEC's order on the MSRB proposal, Rel. No. IA-4512, File No. S7-17-16, is [here](#).

And on the FINRA proposal, Rel. No. 34-78683, File No. SR-FINRA-2015-056, is [here](#).

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