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MSRB Proposes Regulation of Solicitor Municipal Advisors.

The MSRB proposed new MSRB Rule G-46 (“Duties of Solicitor Municipal Advisors”) that would “establish the core standards of conduct and duties of ‘solicitor municipal advisors’ when engaging in solicitation activities that would require them to register with the SEC and the MSRB as municipal advisors.”

The proposal would:

- require such solicitors to provide full and fair written disclosure regarding any material conflicts of interest and material legal or disciplinary events to solicitor clients;
- prohibit solicitor municipal advisors from publishing any materially false or misleading information regarding the capacity, resources or knowledge of the solicitor client. Solicitors must also have a reasonable basis for making any material representations;
- require solicitors to disclose material facts related to the solicitation including (i) the advisor’s role and compensation and (ii) material conflicts of interest; and
- prohibit solicitor municipal advisors from delivering inaccurate invoices or making payments for the purpose of retaining a municipal advisory activity engagement.

In addition, the proposal would codify previously issued interpretive guidance concerning the requirements applicable to solicitor municipal advisors under MSRB Rule G-17 (“Conduct of Municipal Securities and Municipal Advisory Activities”), MSRB Rule G-42 (“Duties of Non-Solicitor Municipal Advisors”) and IAA Rule 206(4)-1 (“Investment Adviser Marketing”). The proposal would also amend MSRB Rule G-8 (“Books and Records to be Made by Brokers, Dealers, and Municipal Securities Dealers and Municipal Advisors”) to add specific recordkeeping obligations relating to a solicitor municipal advisor’s solicitation of advisory services.

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