




Summary of MSRB General Rules (G-Rules)

- Rule G-1** **Separately Identifiable Department or Division of a Bank** – Defines the term “separately identifiable department or division of a bank” and sets forth bank activities that constitute municipal securities dealer activities
- Rule G-2** **Standards of Professional Qualification** – Prohibits municipal securities brokers and municipal securities dealers from effecting transactions in municipal securities unless they and their associated personnel are qualified in accordance with Board rules
- Rule G-3** **Classification of Principals and Representatives; Numerical Requirements; Testing; Continuing Education Requirements** – Defines categories of personnel associated with municipal securities brokers and municipal securities dealers; establishes qualification examination and apprenticeship requirements for such persons; specifies the number of supervisory personnel who must be associated with a municipal securities broker or municipal securities dealer; requires dealers to participate in an industry-wide continuing education program
- Rule G-4** **Statutory Disqualifications** – Prohibits municipal securities brokers and municipal securities dealers and their associated persons who have been the subject of certain disciplinary action from qualifying under the Board's professional qualification rules
- Rule G-5** **Disciplinary Actions by Appropriate Regulatory Agencies; Remedial Notices by Registered Securities Associations** – Prohibits a municipal securities professional from effecting transactions in municipal securities or engaging in municipal advisory activities in violation of restrictions imposed by other regulatory bodies
- Rule G-6** **Fidelity Bonding Requirements** – Requires municipal securities brokers and municipal securities dealers, other than bank dealers, to meet the fidelity bonding requirements set by FINRA for dealers subject to their rules, as a prerequisite to qualification for purposes of Board rule G-2
- Rule G-7** **Information Concerning Associated Persons** – Requires municipal securities brokers and municipal securities dealers to obtain information from their associated personnel concerning their qualifications to engage in the municipal securities business; contemplates that this information will be filed with the appropriate regulatory agency
- Rule G-8** **Books and Records to be Made by Brokers, Dealers and Municipal Securities Dealers** – Requires municipal securities brokers and municipal securities dealers to make and keep current certain specified records concerning their municipal securities activities
- Rule G-9** **Preservation of Records** – Prescribes periods of time records must be preserved; requires that records be accessible for inspection by appropriate regulatory agencies

- Rule G-10** **Delivery of Investor Brochure** – Requires a dealer to deliver the investor brochure to a customer upon receipt of a written complaint concerning a municipal securities transaction from such customer
- Rule G-11** **Primary Offering Practices** – Establishes terms and conditions for sales by municipal securities dealers of new issues of municipal securities in primary offerings, including provisions on priority of customer orders
- Rule G-12** **Uniform Practice** – Establishes uniform industry practices for processing, clearance and settlement of transactions in municipal securities
- Rule G-13** **Quotations Relating to Municipal Securities** – Requires quotations distributed or published by a dealer to represent bona fide bids or offers of municipal securities, based upon the dealer’s best judgment of the fair market value of the securities; prohibits misrepresentation of another broker or dealer’s quotations
- Rule G-14** **Reports of Sales or Purchases** – Prohibits municipal securities brokers and municipal securities dealers and their associated persons from distributing or publishing reports of purchases or sales of municipal securities unless the report is made with knowledge or reason to believe that transaction was effected, and without any reason to believe that the reported transaction is fictitious, or in furtherance of any fraudulent, deceptive or manipulative purpose; requires dealers to report information to the Board or its designee regarding all transactions in municipal securities; states that such information will be made available under the Act to agencies charged with inspection for compliance with and enforcement of Board rules; places upon the dealer the obligation to provide transaction information promptly, accurately and completely; requires each dealer to obtain from FINRA a unique symbol to identify its transactions for reporting purposes; establishes Transaction Reporting Procedures with which dealers must comply regarding formats and methods
- Rule G-15** **Confirmation, Clearance, Settlement and Other Uniform Practice Requirements with Respect to Transactions with Customers** – Requires municipal securities brokers and municipal securities dealers to provide customers with written confirmations of transactions, containing specified information, and prescribes certain uniform practice procedures for dealers that transact municipal securities business with customers
- Rule G-16** **Periodic Compliance Examination** – Sets forth minimum scope and frequency of periodic compliance examinations of dealers by FINRA and bank regulators
- Rule G-17** **Conduct of Municipal Securities and Municipal Advisory Activities** – Requires dealers and municipal advisors to deal fairly with all persons with whom they conduct municipal securities business or municipal advisory business
- Rule G-18** **Execution of Transactions** – Requires a dealer acting as agent for a customer to make a reasonable effort to obtain a price for the customer that is fair and reasonable in relation to prevailing market conditions; imposes same standard on broker’s brokers

- Rule G-19** **Suitability of Recommendations and Transactions; Discretionary Accounts** – Sets standards for recommendations by dealers to customers of purchases, sales, or exchanges of municipal securities; addresses standards for transactions effected for discretionary accounts
- Rule G-20** **Gifts, Gratuities and Non-Cash Compensation** – Prohibits a dealer from giving gifts or providing services in excess of \$100 to another person in relation to the municipal securities activities of such person’s employer, and limits the giving and acceptance of non-cash compensation
- Rule G-21** **Advertising** – Prohibits false or misleading advertising concerning the facilities, services or skills of any dealer and establishes standards for advertisements of municipal fund securities. Requires a municipal securities or general securities principal to approve in writing all advertisements prior to first use
- Rule G-22** **Control Relationships** – Requires disclosure to customers of control relationships between a dealer and an issuer of municipal securities as well as persons other than issuers who are obligated with respect to debt service
- Rule G-23** **Activities of Financial Advisors** – Prohibits dealers from serving as financial advisor and underwriter or placement agent on the same issue (effective 11/27/11)
- Rule G-24** **Use of Ownership Information Obtained in Fiduciary or Agency Capacity** – Prohibits dealers from using non-public information obtained in the course of certain fiduciary or agency capacities concerning the ownership of securities in furtherance of their business activities or for financial gain
- Rule G-25** **Improper Use of Assets** – Prohibits the improper use of municipal securities or funds held on behalf of another person, guarantees against loss in customer accounts and transactions, and sharing in profits and losses of customer accounts and transactions, by any broker, dealer or municipal securities dealer
- Rule G-26** **Customer Account Transfers** – Ensures that a uniform account transfer standard applies to all municipal securities dealers
- Rule G-27** **Supervision** – Outlines requirements for the supervision of personnel engaged in activities involving municipal securities activities
- Rule G-28** **Transactions with Employees and Partners of Other Municipal Securities Professionals** – Requires a dealer whose customer is an employee or partner of another dealer to give written notice of the opening and maintenance of any account for such a customer to the employer, to send the employing broker or dealer a duplicate copy of each confirmation sent to the customer, and to act in accordance with any written instructions which may be provided by the employing dealer with respect to transactions effected with or for such an account
- Rule G-29** **Availability of Board Rules** – Requires dealers to keep a copy of the Board's rules in each office where municipal securities dealer activities are conducted, and to make the rules available for inspection by customers upon request

- Rule G-30** **Prices and Commissions** – Requires dealers to effect transactions in municipal securities with customers at fair and reasonable prices, if acting as principal, or for fair and reasonable commissions, if acting as agent, taking into account all relevant factors
- Rule G-31** **Reciprocal Dealings with Municipal Securities Investment Companies** – Prohibits the solicitation of transactions in municipal securities for an investment company account in return for sales by the dealer of shares or units in the investment company
- Rule G-32** **Disclosures in Connection with New Issues** – Requires underwriters in primary offerings to submit electronically to EMMA official statements, advance refunding documents and related primary market documents and information, and permits dealers to satisfy their obligation to furnish official statements to purchasing customers by providing them with a link to EMMA, unless the customer requests a paper copy or it is an offering of a municipal fund security. Also requires underwriters to confirm the existence of a continuing disclosure agreement, report the identities of obligated persons in such agreement and provide the date by which annual financials are expected to be made available on EMMA, and requires dealers in negotiated sales to furnish to customers certain information concerning underwriting arrangements.
- Rule G-33** **Calculations** – Prescribes standard formulas for the computation of accrued interest, dollar price and yield, standards for accuracy, and establishes day counting methods
- Rule G-34** **CUSIP Numbers and New Issue Requirements** – Rule requires a dealer managing the underwriting of new issue municipal securities to ensure that application is made for the assignment of CUSIP numbers to the new issue, and that assigned CUSIP numbers are affixed to or imprinted on the new issue's certificates; requires application for CUSIP number assignment when a portion of an issue receives a secondary market enhancement or when an issue is partially refunded; requires underwriter participation in NIIDS; requires submission of certain information and documents related to auction rate securities and variable rate demand obligations to the SHORT system.
- Rule G-35** **Arbitration** – Subjects bank dealers to FINRA's arbitration program
- Rule G-36** Reserved.
- Rule G-37** **Political Contributions and Prohibitions on Municipal Securities Business** – Prohibits dealers from engaging in municipal securities business with an issuer within two years after any contribution to an official of such issuer made by: (i) the dealer; (ii) any municipal finance professional associated with such dealer; or (iii) any political action committee controlled by the dealer or any municipal finance professional; the only exception to the prohibition on business is for certain contributions made to issuer officials by municipal finance professionals; contributions by such persons to officials of issuers would not involve application of the prohibition on business, but only if the municipal finance professional is entitled to vote for such official and provided any contributions by such municipal finance professionals do not exceed, in total, \$250 to each official, per election; the rule also includes a requirement for quarterly reporting to the Board by dealers of certain information regarding political and bond ballot contributions made and municipal securities business engaged in by dealers

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- Rule G-38** **Solicitation of Municipal Securities Business** – Prohibits dealers from paying persons who are not affiliated with the dealers for soliciting municipal securities business on their behalf
- Rule G-39** **Telemarketing** – Establishes telemarketing requirements with respect to the municipal securities activities of dealers
- Rule G-40** **Electronic Mail Contacts** – Requires each dealer or municipal advisor to use Form G-40 to appoint an e-mail contact to serve as the official contact person for purposes of electronic communications between the dealer or municipal advisor and the MSRB; the e-mail contact for a dealer must be a registered municipal securities principal. Currently there are no requirements for the municipal advisor contact
- Rule G-41** **Anti-Money Laundering Compliance Program** – Rule G-41 requires that all dealers establish and implement anti-money laundering programs that are in compliance with the rules and regulations of either its registered securities association or its appropriate banking regulator governing the establishment and maintenance of anti-money laundering programs