

MSRB Whistleblower Policy and Complaint Handling Procedures

PURPOSE

The purpose of this policy is to ensure that accounting and audit related complaints, as well as other allegations of wrongdoing relating to the activities of the MSRB, its Board and its staff, are handled in a manner that complies with principles of good corporate governance and furthers the statutory mission of the Board.

SCOPE

This policy applies to all businesses, locations and departments of the MSRB, including members of the Board of Directors, management and employees.

OWNER

This policy has been developed by the MSRB Audit Committee with the assistance of the MSRB Legal Department. The Audit Committee is responsible for reviewing and revising this policy, as necessary, and for approving any exceptions to the policy.

EFFECTIVE DATE

This policy is effective as of May 1, 2007 and will update and replace policy, procedures and practices previously in place.

POLICY

Obligation to Report Allegations

Each Board member and each member of management and staff has an obligation to report any concerns or allegations:

- with respect to questionable accounting, internal accounting controls, auditing, budgeting or cash management matters as they relate to the MSRB (referred to as an Accounting Allegation); or
- that a Board member or member of management or staff is in violation of the applicable Code of Ethics and Business Conduct or otherwise has engaged in any misconduct in connection with MSRB activities.

All reported allegations will be forwarded to the Chairman of the Audit Committee and the Chairman of the Board in accordance with the procedures set forth herein.

Authority of Audit Committee and Board Chairman; Investigative Committees

The Audit Committee shall be responsible for investigating, and making appropriate recommendations to the Board and management, with respect to all reported allegations; provided that, pursuant to Section 3.2 of the MSRB Policies and Procedures, the Chairman of the Board may appoint a special Investigative Committee of the Board to investigate any credible allegation of wrongdoing by management or a Board member, and shall carefully consider whether to do so, with a view to ensuring that any such allegation is fully investigated and appropriate action, if any, is recommended to the Board or management, as the case may be.

Protection of Whistleblowers

Reports of allegations, any investigations thereof and the identity of any person reporting an allegation shall be kept confidential if such confidential treatment is requested. No Board member or staff member who in good faith reports an allegation or who takes part in or cooperates with the investigation thereof shall be subjected to harassment, retaliation or any other adverse consequence. Any Board member or staff member who retaliates against any person who in good faith has reported an allegation or has taken part in or cooperated with an investigation of an allegation, or who discloses the identity of any person reporting an allegation who has sought confidential treatment to individuals not involved in the investigation of the allegation, will be subject to discipline up to and including removal from the Board or termination of employment, as appropriate.

DEFINITIONS

- **Accounting Allegation:** A concern or allegation with respect to questionable accounting, internal accounting controls, auditing, budgeting or cash management matters as they relate to the MSRB.
- **Code of Ethics and Business Conduct:** A code of behavior and guide to ethical decision-making applicable to Board members and MSRB staff. The Code of Ethics and Business Conduct for Board members is incorporated into the MSRB Policies and Procedures. The Code of Ethics and Business Conduct for employees is included in the Employee Handbook.
- **Intake Personnel:** MSRB employees appointed by management to receive allegations and to forward such allegations to the appropriate party.
- **Investigative Committee:** A special committee of the Board appointed by the Chairman of the Board pursuant to Section 3.2 of the MSRB Policies and Procedures to investigate any credible allegation of wrongdoing by management or a Board member.
- **MSRB Hotline:** A phone and web-based allegation reporting system operated by a third-party service provider that allows anonymous reporting of allegations and confidential forwarding of such allegations to Intake Personnel.

- **Priority Allegation:** An Accounting Allegation or any other allegation that represents a significant risk of imminent harm to or interruption in MSRB operations or a serious concern regarding staff or Board member impropriety or conflict of interest.

PROCEDURES

Receipt of Allegations

Allegations Reported by Board Members. Board members should submit any allegations in writing directly to the Chairman of the Audit Committee and the Chairman of the Board. The Chairman of the Audit Committee shall promptly notify the Executive Director and General Counsel of any allegations received directly from Board members or others and shall provide prompt acknowledgement of receipt of such allegations to the submitter to the extent that contact information has been provided.

Allegations Reported by Employees and Others. Management has appointed two or more MSRB staff members as Intake Personnel to receive allegations from staff members and others. The names of Intake Personnel are posted at the MSRB's offices and on the MSRB's internal intranet system. An employee should first discuss any allegation with his or her immediate supervisor. If, after speaking with such supervisor, the employee continues to have reasonable grounds to believe that the allegation is valid, the employee should report the allegation to his or her Department Director, the Human Resources Manager or the Executive Director, or may report such allegation directly to Intake Personnel. Allegations received by a supervisor, Department Director, the Human Resource Manager or the Executive Director are to be forwarded promptly to Intake Personnel. If the employee is uncomfortable speaking with his or her supervisor, Department Director, the Human Resources Manager or the Executive Director, or if any such person is a subject of the allegation, the employee should report such allegation directly to Intake Personnel.

Allegations Reported Through MSRB Hotline. In the event that Board members or MSRB employees are uncomfortable with face-to-face reporting of allegations, or would rather report anonymously, and in order to receive allegations from persons other than Board members or MSRB employees, the MSRB has contracted with a third-party service provider to operate the MSRB Hotline. The MSRB Hotline is administered on behalf of the MSRB by the Intake Personnel, to whom all allegations received through the hotline will be initially routed. Contact information for the MSRB Hotline is posted at the MSRB's offices and on the MSRB's public internet site and internal intranet system. Access to the MSRB Hotline to members of the public may be limited solely to the hotline telephone number.

Forwarding of Allegations by Intake Personnel. Intake Personnel shall be responsible for ensuring that any allegation received from staff is reduced to writing and for forwarding all such allegations, together with all allegations received through the MSRB Hotline, to the Chairman of the Audit Committee, the Chairman of the Board, the Executive Director and the General Counsel. All Priority Allegations (consisting of all Accounting Allegations and any other allegation that represents a significant risk of imminent harm to or interruption in MSRB operations or a serious concern regarding staff or Board member impropriety or conflict of interest), shall be forwarded by Intake Personnel promptly upon receipt. All other allegations

shall be forwarded by Intake Personnel on a periodic basis and shall also be made available upon request. Intake Personnel shall provide prompt acknowledgement of receipt of allegations to the submitter to the extent that contact information has been provided.

Exclusion of Interested Parties. In any instance in which an allegation is to be reported or forwarded, or notice thereof is to be provided, under this policy to any person who is personally affected by such allegation, such allegation shall be withheld from such person and shall be provided solely to such other persons as described in this policy as recipients of such allegation or notice; provided that, if either the Chairman of the Audit Committee or the Chairman of the Board is personally affected by an allegation, the Vice Chairman of the Board shall be provided with such allegation or notice in lieu of such affected person.

Handling of Allegations

Responsibility for Handling of Allegations. Any Accounting Allegation shall be handled by the Audit Committee in the first instance, unless the Chairman of the Board, in his or her sole judgment, determines that an Investigative Committee would be more appropriate to investigate such matter. The Audit Committee or any Investigative Committee appointed by the Chairman of the Board may, after such committee has undertaken an initial review of such allegation, direct that such allegation is to be handled by management. In determining whether the Audit Committee or any Investigative Committee should investigate an Accounting Allegation, or whether management should undertake such investigation, such committee shall consider, among any other factors that are appropriate under the circumstances, the following:

- The identity of the alleged wrongdoer: If a senior management official is alleged to have engaged in wrongdoing, that factor alone may militate in favor of the Audit or Investigative Committee conducting the investigation.
- The seriousness of the alleged wrongdoing: The more serious the alleged wrongdoing, the more appropriate that the Audit or Investigative Committee should undertake the investigation. If the alleged wrongdoing would materially call into question the financial statements or materially impact on the financial wellbeing of the MSRB, that factor alone may militate in favor of the Audit or Investigative Committee conducting the investigation.
- The credibility of the allegation of wrongdoing: The more credible the allegation, the more appropriate that the Audit or Investigative Committee should undertake the investigation. In assessing credibility, the Audit or Investigative Committee should consider all facts surrounding the allegation, including but not limited to whether similar allegations have been made in the press.

All other allegations, whether reported by a Board member, arising through the MSRB Hotline, or otherwise, shall be handled by management unless the Chairman of the Board or the Chairman of the Audit Committee directs that any such allegation is to be handled by the Audit Committee or an Investigative Committee.

Investigation of Allegations by the Board. All allegations handled by the Audit Committee or any Investigative Committee shall be promptly investigated and appropriate corrective action will be recommended to the Board or management (as appropriate), if warranted by the investigation. The Audit Committee and any Investigative Committee may consult with any member of management or employee whom it believes would have appropriate expertise or information to assist the committee, and also may in its discretion engage outside auditors, counsel or other experts to assist in the investigation and in the analysis of results. Any Investigative Committee shall periodically report on its activities to the Chairman of the Board and shall report all results of its investigation promptly to the Chairman of the Board and the Chairman of the Audit Committee. The Chairman of the Audit Committee or the Chairman of the Board, as appropriate, shall provide information as to the status and final conclusion of any investigation promptly to the Executive Director and the General Counsel and, if the allegation was made directly to the Board, to the person making the allegation. Upon completion of any investigation, the Chairman of the Audit Committee or the Chairman of the Board, as appropriate, shall provide all records of such investigation to the General Counsel to ensure compliance with the MSRB's recordkeeping obligations.

Investigation of Allegations by Management. All allegations handled by management shall be promptly investigated. Management may in its discretion engage outside auditors, counsel or other experts to assist in the investigation and in the analysis of results. Any corrective action taken with respect to an Accounting Allegation or a Priority Allegation will be promptly reported to the Chairman of the Board and the Chairman of the Audit Committee. Corrective action with respect to other allegations will be reported on a periodic basis and will also be made available upon request. The Audit Committee shall review information provided to it by management with regard to the handling by management of all allegations. Management shall provide information as to the status and final conclusion of any investigation promptly to the person making the allegation.

REVISION DATES: