



MUNICIPAL ADVISOR RESOURCE

Compliance Advisory for Municipal Advisors

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Introduction

With core rules of professional conduct, supervision and qualification in effect for municipal advisors, the Municipal Securities Rulemaking Board (MSRB) is providing this *Compliance Advisory for Municipal Advisors* as part of its ongoing effort to assist municipal advisors with understanding MSRB rules and identifying potential compliance risks. Proactively addressing compliance risks benefits municipal advisors, their municipal entity and obligated person clients and, ultimately, investors and public confidence in the municipal securities market.¹ This advisory addresses applicable MSRB rules implemented since the publication of the [MSRB's first compliance advisory for municipal advisors](#), but is not intended to address all regulatory obligations applicable to municipal advisors pursuant to MSRB rules or other federal securities laws.²

The MSRB prepared this advisory for municipal advisors as a tool to supplement their assessment of the adequacy of their compliance programs. To that end, the advisory includes examples of conduct that could result from the absence of adequate controls to comply with the referenced rules (identified as "Potential Violative Conduct") as well as factors a firm should consider when evaluating the effectiveness of its compliance controls and the need to implement measures to mitigate its exposure to such compliance risks (identified as "Considerations").

¹ This advisory is not legal advice and does not create a safe harbor with respect to potential deficiencies in a municipal advisor's compliance processes, controls or supervisory system.

² The MSRB also identifies compliance risks to assist the Securities and Exchange Commission (SEC) and Financial Industry Regulatory Authority (FINRA) in the development of regulatory examination programs for municipal advisors consistent with Section 15B(b)(4) of the Securities Exchange Act of 1934 (Exchange Act).

Compliance Risks

Failure to Adhere to the Applicable Standards of Conduct in the Performance of Municipal Advisory Activities (MSRB Rule G-42)

MSRB Rule G-42 establishes core standards of conduct for municipal advisors engaging in municipal advisory activities, other than the solicitation of municipal entities or obligated persons on behalf of certain third parties.³ Consistent with the statutory fiduciary duty owed under Section 15(c)(1) of the Securities Exchange Act of 1934 (Exchange Act), a municipal advisor engaging in municipal advisory activities on behalf of a municipal entity client is subject to a fiduciary duty under Rule G-42, which includes a duty of care and a duty of loyalty. Certain specific obligations enumerated in Rule G-42 regarding certain issues likely to arise in the provision of municipal advisory services do not comprehensively set forth every aspect of the duties and obligations that municipal advisors owe to their clients under the core standards.

The duty of loyalty includes but is not limited to specific obligations set forth in the Supplemental Material to Rule G-42. The duty of loyalty requires a municipal advisor to, among other things, deal honestly with the municipal entity client and with the utmost good faith. Furthermore, a municipal advisor must act in the best interest of its municipal entity client without regard to its self-interest. This specific obligation requires the municipal advisor to forgo engaging in municipal advisory activities on behalf of a municipal entity client if it cannot manage or mitigate its conflicts of interest in a manner that will permit it to act in the municipal entity's best interest.

A municipal advisor engaging in municipal advisory activities on behalf of a municipal entity or obligated person client is subject to a duty of care. The duty of care requires a municipal advisor to, among other things, possess the degree of knowledge and expertise needed to provide a municipal entity or obligated person client with informed advice. The duty of care also requires that a municipal advisor have a reasonable basis for any advice provided to or on behalf of its municipal entity or obligated person client. The municipal advisor must make a reasonable inquiry as to the facts that are relevant to the municipal entity or obligated person client's determination as to whether to proceed with a course of action or that form the basis for any advice provided to the client. A municipal advisor must also undertake a reasonable investigation to determine that it is not basing any recommendation on materially inaccurate or incomplete information. The duty of care requires a municipal advisor to have a reasonable basis for any information provided to the municipal entity or obligated person client, or other parties involved in the municipal securities transaction in connection with the preparation of an official statement for any issue of municipal securities as to which the municipal advisor is advising, as well as any representations made in a certificate that the municipal advisor signs, which will be reasonably foreseeably relied upon by the client, any other party involved in the municipal securities transaction or municipal financial product, or investors in the municipal entity client's securities or securities secured by payments from an obligated person client.

³ Accordingly, any reference herein to an obligation of a municipal advisor under Rule G-42 does not apply to a municipal advisor with respect to its municipal advisory solicitation activities.

MSRB RULE G-42**POTENTIAL VIOLATIVE CONDUCT:**

- Informing a municipal entity or obligated person client that the Municipal Advisor Representative Qualification Examination (Series 50 exam) is a certification to evidence that a municipal advisor representative has the requisite degree of knowledge and expertise to provide informed advice.
- Limiting the standards of conduct owed to the municipal entity or obligated person client by, for example, informing the client that the municipal advisor has chosen to limit the scope of the due diligence it will undertake for the purpose of identifying any potential or actual material conflicts of interest that need to be disclosed.
- Advising a municipal entity or obligated person to proceed with a course of action that the municipal advisor knows, or should reasonably know, is based on outdated information.
- Failing to inform the municipal entity or obligated person client that the underwriter recommended by the municipal advisor has agreed to recommend the municipal advisor's services on another transaction that the underwriter is structuring.

MSRB RULE G-42**CONSIDERATIONS:**

- How the firm ensures that its associated persons engaging in municipal advisory activities understand and adhere to the duties owed to the firm's municipal entity and/or obligated person clients.
- How the firm demonstrates that it has a clear agreement with each client that describes the scope of the municipal advisory relationship and that the firm and the clients know the scope of services to be provided and the responsibilities of each party.
- Recognizing that the Series 50 exam is designed to test broad-based knowledge of the business and regulations governing municipal advisory activities, how the firm determines and demonstrates that its associated persons engaging in municipal advisory activities possess the degree of knowledge and expertise needed to provide the municipal entity or obligated person client with informed advice.
- How the firm demonstrates that it properly identifies clients as either municipal entities or obligated persons, and that the appropriate standards of conduct, with respect to the municipal advisory activities with that client, are adhered to.
- How the firm reviews and assesses the reasonableness of the basis for its advice, representations or other information provided to a client to ensure all such communications comport with the duty of care.

Failure to Make Adequate Disclosure to Municipal Entity or Obligated Person Clients (MSRB Rule G-42)

A municipal advisor has a duty, prior to or upon engaging in municipal advisory activities, to make a written disclosure to its municipal entity or obligated person client of any known material, actual or potential conflicts of interest that could reasonably be anticipated to impair the municipal advisor's ability to provide advice to, or on behalf of, the client in accordance with the standards of conduct of Rule G-42(a) — the duty of care, and, if applicable, the duty of loyalty. Disclosure of conflicts of interest by a municipal advisor to its municipal entity or obligated person client must be sufficiently detailed to inform the client of the nature, implications and potential consequences of each conflict. Such

disclosure also must include an explanation of how the municipal advisor addresses or intends to manage or mitigate each conflict. If no known material conflicts exist, the municipal advisor must provide a written statement to the municipal entity or obligated person client to that effect. A municipal advisor must also provide the municipal entity or obligated person client, prior to or upon engaging in municipal advisory activities, written disclosure of any legal or disciplinary event that is material to the client's evaluation of the municipal advisor or the integrity of its management or advisory personnel.

MSRB RULE G-42



POTENTIAL VIOLATIVE CONDUCT:

- Failure to make timely written disclosure to the municipal entity or obligated person client.
- Failure to provide a municipal entity or obligated person client with sufficient disclosure as to material potential and actual conflicts of interest, such as providing the client a standardized disclosure document that generally discloses the municipal advisor's material potential conflicts of interest without further reasonable inquiry as to whether, with respect to that particular client, any other material actual or potential conflicts of interest exist.
- Failure to undertake reasonable diligence to determine whether an affiliate of the municipal advisor provides any advice, service or product to or on behalf of the client that is directly related to the municipal advisory activities to be performed by the municipal advisor in order to make any necessary disclosure of conflicts.
- Failure to provide complete disclosure of conflicts of interest and legal or disciplinary events, such as disclosing to the municipal entity or obligated person client that a conflict is not material when, pursuant to Rule G-42(b)(i),⁴ such a conflict could reasonably be anticipated to impair the municipal advisor's ability to provide advice to or on behalf of the client in accordance with the standards of conduct, or concluding that a risk arising from a conflict of interest has been mitigated without providing the municipal entity or obligated person client disclosure of how such conflict of interest was mitigated.

⁴ For example, a fee-splitting arrangement involving the municipal advisor and any provider of investments or services to the municipal entity or obligated person client could be considered such a conflict.

- Providing notice to the municipal entity or obligated person client that disclosure regarding material legal or disciplinary event(s) is available by reviewing the municipal advisor's SEC Form MA and/or Forms MA-I, but failing to identify the specific type of material legal or disciplinary

event(s) disclosed on the form(s), failing to reference which form(s) and the relevant portion of the form(s), and/or failing to provide detailed information on how the municipal entity or obligated person client may electronically access the form(s) to view the disclosure(s).



MSRB RULE G-42

CONSIDERATIONS:

- Whether the firm has a process to ensure that it undertakes reasonable diligence to identify material conflicts of interest so that it may, prior to or upon engaging in municipal advisory activities on behalf of a municipal entity or obligated person client, make a full and fair written disclosure of such conflicts; or, if the municipal advisor concludes that it has no known actual or potential material conflicts of interest, provide a written statement to that effect to the client.
- If the firm is referring clients to Form MA or Form(s) MA-I to review legal and disciplinary event disclosure, how the firm evaluates whether all legal and disciplinary events that are material to the client's evaluation of the integrity of the municipal advisor's management or advisory personnel are disclosed on Form MA or Form(s) MA-I, recognizing that certain legal and disciplinary events, by their nature, may not be required to be disclosed on Form MA or Form(s) MA-I, but would nevertheless be material to the client's evaluation of the integrity of a municipal advisor's management or advisory personnel.
- Whether the firm has a process to ensure that written disclosure of conflicts of interest and certain legal and disciplinary events made to an existing municipal entity or obligated person client is promptly updated if there is a material change to that disclosure, such as when a previously disclosed potential conflict of interest becomes an actual conflict of interest.
- How the firm demonstrates that any implemented control, which it described to a municipal entity or obligated person client as one designed to manage or mitigate a disclosed conflict, is reasonably designed to manage or mitigate the conflict.



RESOURCES ON RULE G-42:

- [SEC Approves New MSRB Rule G-42 on Duties of Non-Solicitor Municipal Advisors and Related Amendments to MSRB Rule G-8 \(MSRB Notice 2016-03\)](#)
- [MSRB Rule G-42, Duties of Non-Solicitor Municipal Advisors](#)
- [Municipal Advisors: Understanding Standards of Conduct](#)

Failure to Adhere to Pay-to-Play Restrictions (MSRB Rule G-37)

MSRB Rule G-37 is designed to address potential “pay-to-play” practices and generally prohibits municipal advisors from engaging in municipal advisory business with a municipal entity within two years of certain contributions (made by the municipal advisor, certain associated persons of the municipal advisor called “municipal advisor professionals,” or “MAPs,” or a political action committee (PAC) controlled by the municipal advisor or an MAP) to an official of such municipal entity. The rule also prohibits municipal advisors from doing indirectly what the rule prohibits them from doing directly, and includes tailored prohibitions on soliciting and coordinating contributions or payments to certain officials of a municipal entity or certain political parties of states and localities, respectively.

Municipal advisors must file MSRB Form G-37 electronically with the MSRB each quarter, listing information pertaining to certain political contributions, payments, bond ballot campaign contributions and the firm’s municipal advisory activities. If a firm has any information to report on Form G-37, it must file Form G-37, even if neither the municipal advisor nor its associated persons have made political contributions during the quarter. The rule also contains limited exceptions to the Form G-37 filing requirement. Rule G-37 also allows municipal advisors to voluntarily disclose additional information to the MSRB on Form G-37 if the information is submitted otherwise in accordance with the disclosure provisions of the rule.

MSRB RULE G-37



POTENTIAL VIOLATIVE CONDUCT:

- Failure to monitor not only contributions made by municipal advisor professionals to officials of a municipal entity but also their contributions made to bond ballot campaigns.
- Failure to track payments made by municipal advisor professionals to fundraising events for candidates seeking election to a position as an official of a municipal entity with municipal advisor-selection influence.
- Failure to ensure that the firm’s municipal advisor professionals do not solicit funding for a political party of a state or locality where the municipal advisor is engaging or seeking to engage in municipal advisory business.
- Failure to submit the required quarterly disclosure filings to the MSRB.

MSRB RULE G-37**CONSIDERATIONS:**

- Whether the firm provides relevant training to its municipal advisor professionals, including whether additional training during election seasons is warranted.
- How the firm monitors political contributions to municipal entity officials with municipal advisor-selection influence, including those who are seeking election at the local, state and federal levels.
- Whether the firm also monitors political contributions to state legislators who may have the authority to vote on or appoint an individual to a board or governing body with the power to select a municipal advisor.
- Whether the firm has a process in place to monitor two-year look-back periods and compliance with the resulting ban on business.
- If the firm engages a third party to solicit municipal advisory business on its behalf, what process does it have to assess whether that third-party solicitor has not made political contributions that have triggered the ban on business for the municipal advisor.

**RESOURCES ON RULE G-37:**

- [Amendments to MSRB Rule G-37 on Political Contributions and Prohibitions on Municipal Securities Business and Related Amendments are Deemed Approved Under the Securities Exchange Act of 1934 \(MSRB Notice 2016-06\)](#)
- [MSRB Rule G-37, Political Contributions and Prohibitions on Municipal Securities Business and Municipal Advisory Business](#)
- [Filing with the SEC Proposing Changes to Rule G-37, Rule G-8, Rule G-9 and Forms G-37 and G-37x \(SR-MSRB-2015-14\)](#)
- [Instructions for Forms G-37, G-37x and G-38t](#)
- [Rule G-37 Interpretive Questions and Answers](#)
- [Summary of Ban on Business Provisions Under Rule G-37](#)

Failure to Adhere to Restrictions on Gifts, Gratuities and Non-Cash Compensation (MSRB Rule G-20)

MSRB Rule G-20 protects against improprieties and conflicts of interest that may arise when a municipal advisor or its associated persons give gifts or gratuities in relation to the municipal securities or municipal advisory activities of the recipients' employers. With limited exception, a municipal advisor is prohibited from giving any

item or service of value, including gratuities, in excess of \$100 per year (in the aggregate) to any recipient if the gift, service or gratuity is in relation to the municipal securities or municipal advisory activities of the employer of the recipient.

MSRB RULE G-20



POTENTIAL VIOLATIVE CONDUCT:

- Failure to review regular business expenses to gauge the frequency of any gifts of meals or entertainment hosted by the firm or its associated persons to ensure that such gifts or entertainment are not so frequent or extensive as to raise any question of propriety.
- Seeking reimbursement from a municipal entity from the offering proceeds for the costs and expenses the firm incurred taking personnel of the municipal entity to a sporting event while on a trip to a rating agency.
- Calculating the expense of tickets to an entertainment event as \$0 because the firm received the tickets from another client, when the proper expense calculation is the higher of face value or market value.

MSRB RULE G-20



CONSIDERATIONS:

- Whether the firm has a process in place to monitor the giving of gifts, including gifts under \$100, so that the firm can evaluate the aggregate value of gifts given to a particular recipient in any given year to prevent exceeding the \$100 limit.
- Whether the firm, in order to identify potential conflicts of interest that may need to be disclosed under Rule G-42, also monitors the gifts, gratuities and entertainment its associated persons receive from other entities related to the firm's municipal advisory business.
- Whether the firm has provided appropriate training to its associated persons to ensure that they understand that gifts, gratuities and entertainment expenses need to be reported to management to facilitate the aggregation of gifts and safeguard against gifts given in normal business dealings becoming too frequent or extensive.
- Recognizing that Rule G-20 does not supersede any more restrictive provision of state or other laws applicable to the activities of a municipal advisor or its associated persons, whether the firm monitors other laws applicable to its business to ensure that it adheres to more restrictive provisions, if any, related to gift-giving.



RESOURCES ON RULE G-20:

- [SEC Approves Amendments to MSRB Rule G-20 on Gifts, Gratuities and Non-Cash Compensation and Related Amendments to MSRB Rule G-8 \(MSRB Notice 2015-21\)](#)
- [MSRB Rule G-20, Gifts, Gratuities, Non-Cash Compensation and Expenses of Issuance](#)
- [FAQs on MSRB's Rules Regarding Gifts, Gratuities and Non-Cash Compensation](#)

Failure to Ensure that the Firm and its Associated Persons are Properly Qualified (MSRB Rules G-2, G-3 and A-12)

MSRB Rule G-2 provides that a municipal advisor firm shall not engage in municipal advisory activities unless the municipal advisor and every natural person associated with such firm is qualified in accordance with the rules of the MSRB.

As a prerequisite to qualifying for registration with the MSRB and pursuant to MSRB Rule A-12, a municipal advisor firm must register with the SEC by completing SEC Form MA and related Form(s) MA-I for individuals engaging in municipal advisory activities on behalf of the firm.⁵ A municipal advisor firm must then complete the MSRB's electronic Form A-12, providing the MSRB information regarding the municipal advisory business of the firm, including identifying an appropriate principal of the firm to serve as the primary regulatory contact to receive timely communications from the MSRB regarding regulatory matters.⁶ A municipal advisor must update Form A-12 within 30 days of any information on Form A-12 becoming inaccurate. For additional information

concerning completing, updating, amending or withdrawing registration via Form A-12, municipal advisors should consult the MSRB Registration Manual available on the MSRB's website.

For a firm to be qualified as a municipal advisor firm for purposes of Rule G-2, every natural person associated with such municipal advisor firm must be properly qualified pursuant to MSRB Rule G-3 regarding professional qualifications. Rule G-3 provides for two municipal advisor classifications: (a) municipal advisor representative and (b) municipal advisor principal.⁷ Rule G-3 defines a "municipal advisor representative" as a natural person associated with a municipal advisor who engages in municipal advisory activities on the municipal advisor's behalf, other than a person performing only clerical, administrative, support or similar functions. To be qualified as a municipal advisor representative and, therefore, able to engage in municipal advisory activities on behalf of a

⁵ Form MA is the SEC's Application for Municipal Advisor Registration. Once registered with the SEC, a municipal advisor firm uses this form to file the annual update and, if applicable, any amendments to the application for registration with the SEC. Form MA-I is the form a municipal advisor firm must submit for each natural person engaged in municipal advisory activities on behalf of the municipal advisor firm. See Registration of Municipal Advisors, Exchange Act Release No. 70462 (Sept. 20, 2013), 78 FR 67467 (Nov. 12, 2013) ("SEC Final Rule on MA Registration").

⁶ See MSRB Regulatory Notice 2014-10 (May 12, 2014) "[Guidance on the MSRB Municipal Advisor Registration Process](#)" and listen to the podcast "[Being a Regulated Municipal Advisor](#)."

⁷ See Exchange Act Release No. 74384 (Feb. 26, 2015), 80 FR 11706 (March 4, 2015), File No. SR-MSRB-2014-08 (Nov. 18, 2014).

municipal advisor firm, an individual must pass the MSRB's Series 50 exam.⁸

Rule G-3 defines a "municipal advisor principal" as a natural person associated with a municipal advisor who has passed the Series 50 exam and is directly engaged in the management,

direction or supervision of the municipal advisory activities of the municipal advisor firm and its associated persons. Rule G-3 requires a municipal advisor firm to appoint at least one municipal advisor principal to be responsible for supervising the municipal advisory activities of the municipal advisor firm.



MSRB RULE G-2, G-3 AND A-12

POTENTIAL VIOLATIVE CONDUCT:

- Engaging in municipal advisory activities before being properly registered with both the SEC and the MSRB.
- Failure to identify the individual(s) engaged in municipal advisory activities on the firm's behalf that are, by definition, municipal advisor representatives and municipal advisor principals, and who must be qualified with the Series 50 exam.
- Failure to update MSRB Form A-12 within 30 days of information becoming inaccurate, or to amend SEC Form MA-I promptly when individuals are no longer associated with the firm, or, after September 12, 2017, are not qualified to engage in municipal advisory activities on the firm's behalf.



MSRB RULE G-2, G-3 AND A-12

CONSIDERATIONS:

- Whether the firm evaluates the activities, rather than simply the job titles, of its associated persons to properly identify those individuals who engage in municipal advisory activities on behalf of the municipal advisor firm or directly engage in the management, direction or supervision of such municipal advisory activities.
- Whether the firm has controls in place to prevent associated persons who are not qualified with the Series 50 exam from engaging in municipal advisory activities, including individuals directly engaged in the management, direction or supervision of the municipal advisory activities of the municipal advisor firm.
- Whether the firm has a process to identify when forms previously filed with regulatory authorities (e.g., MSRB Form A-12 and SEC Forms MA and MA-I) require amendments to ensure that information on file remains current, accurate and complete, and that amendments are made on a timely basis.

⁸ On May 31, 2016, the MSRB announced that the Series 50 exam would be offered beginning on September 12, 2016 and, to facilitate the transition to the new exam requirement, individuals were provided a one-year grace period during which they would be able to take the exam while continuing to engage in municipal advisory activities. That one-year grace period expires on September 12, 2017. After September 12, 2017, only individuals that have passed the Series 50 exam may engage in municipal advisory activities on behalf of a municipal advisor. See MSRB Regulatory Notice 2016-16 (May 31, 2016) "[MSRB to Launch Permanent Series 50 Exam September 12, 2016](#)" See also MSRB Regulatory Notice 2017-09 (May 8, 2017) "MSRB Reminds Municipal Advisors that the Series 50 Exam Deadline is September 12, 2017."

Failure to Establish an Appropriate Compliance Program (MSRB Rule G-44) and Maintain Books and Records (MSRB Rules G-8 and G-9)

MSRB Rule G-44 establishes supervisory and compliance obligations of municipal advisors when engaging in municipal advisory activities, setting forth basic requirements for municipal advisors to establish a reasonably designed supervisory system and compliance program.⁹ A firm's supervisory system and compliance program will not necessarily be the same as another municipal advisor's because a firm's supervisory controls can be informed by numerous considerations, including the firm's size, scope of municipal advisory activities and relevant outside business activities of associated persons.

MSRB Rule G-8(h) generally sets forth the requirement for municipal advisors to make and keep records consistent with MSRB rules,

including Rule G-44, as well as those records described in Exchange Act Rule 15Ba1-8(a) (1)-(8). The records required by Rule G-44 include written supervisory procedures, a record of designations of persons responsible for supervision and for compliance, records of reviews of written compliance policies and supervisory procedures, and a record of annual certifications regarding the compliance process. MSRB Rule G-9(h) establishes standards for the preservation of records by a municipal advisor and generally requires every municipal advisor to preserve its books and records described in Rule G-8(h) for a period of not less than five years, except certain records specifically noted in Rule G-9, which must be retained for a period that exceeds six years.¹⁰

MSRB RULE G-44, G-8 AND G-9



POTENTIAL VIOLATIVE CONDUCT:

- Failure to maintain written supervisory procedures that describe in sufficient detail the supervisory controls in place, including identifying one or more municipal advisor principal(s) responsible for carrying out the supervisory controls.
- Failure to inform applicable associated persons of their compliance obligations to ensure that they engage in municipal advisory activities on behalf of the firm in a manner that is consistent with applicable laws and regulations, including MSRB rules.
- Failure to properly identify one or more municipal advisor principals who has sufficient knowledge, experience and training to understand and effectively execute the firm's supervisory controls.
- Failure to appoint a Chief Compliance Officer (CCO) with the requisite competence to develop, or advise others who develop, the municipal advisor's policies and procedures, and programs to test for compliance with those policies and procedures.

⁹ See MSRB Regulatory Notice 2014-19 (October 24, 2014) "SEC Approves MSRB Rules G-44 on Supervisory and Compliance Obligations of Municipal Advisors, and Amendments to MSRB Rules G-8 and G-9." Note that for purposes of Rule G-44, a municipal advisor is defined as a person registered or required to be registered as a municipal advisor under Section 15B of the Exchange Act. See also, "Considerations for Developing a Municipal Advisory Supervisory System and Compliance Program."

¹⁰ When the amendments to Rule G-10, on the delivery of investor brochure, become effective on October 13, 2017, a municipal advisor will be required to retain records of municipal advisory client complaints for at least six years under Rule G-9(h)(iii).



MSRB RULE G-44, G-8 AND G-9

CONSIDERATIONS:

- How the firm demonstrates that a municipal advisor principal has executed the supervisory responsibilities as outlined in the written supervisory procedures.
- Whether the firm has evaluated safeguards against cyber threats to ensure its records are preserved, consistent with SEC Rule 15Ba1-8(a)(1)-(8) and MSRB Rule G-9.¹¹
- Whether the firm has a process for monitoring regulatory developments, including applicable rule changes, to ensure that written supervisory procedures remain reasonably designed to achieve compliance with applicable laws and regulations.
- How the firm evaluates and tests its compliance policies and supervisory procedures on an annual basis and, if warranted, modifies them to maintain an effective compliance program.
- Whether the CCO has other responsibilities within the firm, such as directly engaging in the management of the firm or supervising the municipal advisory activities of the firm, which would require the CCO to be qualified with the Series 50 exam.
- How the firm retains records of any communications relating to its municipal advisory activities that it sends or receives electronically, including through social media, recognizing that it is the content and context of the message and not the medium that dictates whether a written communication must be maintained.



RESOURCES FOR RULE G-44:

- [SEC Approves MSRB Rule G-44 on Supervisory and Compliance Obligations of Municipal Advisors, and Amendments to MSRB Rules G-8 and G-9 \(MSRB Notice 2014-19\)](#)
- [MSRB Rule G-44, Supervisory and Compliance Obligations of Municipal Advisors](#)
- [Considerations for Developing a Municipal Advisory Supervisory System and Compliance Program](#)



RESOURCES ON RULE G-8 AND RULE G-9:

- [MSRB Rule G-8, Books and Records to be Made by Brokers, Dealers, and Municipal Securities Dealers and Municipal Advisors](#)
- [MSRB Rule G-9, Preservation of Records](#)
- [SEC Approves MSRB Rule G-44 on Supervisory and Compliance Obligations of Municipal Advisors, and Amendments to MSRB Rules G-8 and G-9 \(MSRB Notice 2014-19\)](#)

¹¹ See, e.g., “OCIE Cybersecurity Initiative” (April 15, 2014).

Conclusion

Regulatory guidance is essential to supporting municipal advisors who are seeking to maintain a fair and efficient municipal market. The MSRB is committed to continuing to develop resources that promote regulated entities' compliance with new and existing standards of conduct. This advisory is designed to aid municipal advisors in the process of establishing, maintaining, reviewing, testing and modifying written compliance policies and supervisory procedures. The MSRB engages in an ongoing dialogue with municipal market participants through outreach events and education activities so that the compliance resources it prepares are appropriately tailored and responsive to market needs. Municipal advisors are encouraged to visit the [MSRB's website](#) to review other informational resources available about MSRB rules, including on-demand webinars and publications.¹²

This guide for municipal advisors is intended for general information purposes only. Information in this guide is provided without warranties, express or implied. The MSRB shall have no liability to any recipient, including for any inaccuracies, errors or omissions or other defects in the information or any damages resulting therefrom. The information contained herein is not intended to provide legal advice and does not guarantee compliance with regulatory requirements or create a safe harbor from regulatory responsibilities or liabilities.

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¹² See [additional resources for municipal advisors](#). Municipal advisors can also subscribe to the MSRB email updates on the MSRB's website to ensure they receive information from the MSRB on upcoming events, compliance resources and news.