

Sample Template and Checklist for Municipal Advisor WSPs

Purpose

The Municipal Securities Rulemaking Board (MSRB) is publishing this compliance resource to provide tools for municipal advisors to enhance their understanding of their obligations under MSRB Rule G-44 to establish and maintain written compliance policies and written supervisory procedures (WSPs).¹ This compliance resource does not create new legal or regulatory requirements, or new interpretations of existing requirements, and municipal advisors, enforcement agencies and others should not view this information as doing so. Additionally, this compliance resource does not mandate a municipal advisor to implement any specific practice described in this resource that extends beyond the requirements of existing applicable rules, and implementation of any specific practice described in this resource does not create a safe harbor or obviate the obligation of each municipal advisor to develop supervisory procedures that are reasonably designed to ensure that, in the conduct of its municipal advisory activities, the firm and its associated persons are in compliance with the applicable rules.²

▶ See page 2 for the
**Template for
Compliance Policies
and Supervisory
Procedures**

▶ See page 4 for the
**Sample WSP
Checklist**

Overview

MSRB Rule G-44, on supervisory and compliance obligations of municipal advisors, is a primarily principles-based approach to supervision and compliance. This approach accommodates the broad differences among municipal advisors, recognizing that the size of the firm and the scope of services offered can vary greatly. Rule G-44 requires each municipal advisor to develop a system to supervise the activities of the firm and its associated persons that is reasonably designed to achieve compliance with applicable securities laws and regulations, including applicable MSRB rules (collectively, “applicable rules”). In establishing a supervisory system, Rule G-44 requires, among other things, that a municipal advisor establish, implement, maintain and enforce written compliance policies and WSPs.

¹ See also Considerations for Developing a Municipal Advisory Supervisory System and Compliance Program (January 2017), available at <http://www.msrb.org/msrb1/pdfs/MSRB-Rule-G-44-Considerations.pdf>.

² Regardless of its size or complexity, each municipal advisor must establish, implement, maintain and enforce WSPs that are reasonably designed to achieve compliance. In developing the WSPs, as Rule G-44 Supplementary Material .02 provides, a municipal advisor shall take into consideration, among other things, the advisor’s size; organizational structure; nature and scope of municipal advisory activities; number of offices; the disciplinary and legal history of its associated persons; the likelihood that associated persons may be engaged in relevant outside business activities; and any indicators of irregularities or misconduct (i.e., “red flags”). For example, a municipal advisor engaged solely in solicitation activities would likely not include a policy and procedure for MSRB Rule G-42, on duties of non-solicitor municipal advisors, in its WSPs.

In late 2017, the Securities and Exchange Commission's (SEC) Office of Compliance Inspections and Examinations (OCIE) issued a risk alert highlighting observed deficiencies in 110 municipal advisor examinations.³ OCIE identified compliance with Rule G-44 as a frequent deficiency,⁴ specifically observing municipal advisors that:

- Failed to have a system to supervise the municipal advisory activities of its associated persons reasonably designed to achieve compliance with all applicable rules;⁵
- Failed to tailor WSPs to the business activities for the firm; and
- Failed to designate one or more principals to be responsible for supervisory activities.

Template for Compliance Policies and Supervisory Procedures

Rule G-44 requires that compliance policies and WSPs be reasonably designed to achieve compliance with applicable rules. Bearing in mind that policies and procedures are "living" documents, they need to be reviewed and updated to reflect changes to applicable rules as well as changes in the firm's internal processes and controls.⁶ This template illustrates one possible format for developing written policies and procedures. However, a municipal advisor is not required to utilize this template and should not infer that the MSRB is endorsing this format over other formats for developing written compliance policies and procedures.

Section	Purpose	Example
Compliance Policy	Sets forth the general principle of the applicable rule(s) that the firm and its associated persons should observe to achieve compliance with the applicable rule(s)	<i>No associated person is permitted to engage in municipal advisory activities on behalf of the firm until the individual takes and passes the Series 50 qualification examination and provides the firm a written consent to service of process, and the firm has confirmed that it has effectively filed a Form MA-I with the SEC to indicate that such individual is engaging in municipal advisory activities on behalf of the firm.</i>
Supervisory Objective	Sets forth the general supervisory standard for administering the compliance policy	<i>Require that individuals associated with the firm do not provide advice to or on behalf of a municipal entity or obligated person with respect to municipal financial products or the issuance of municipal securities, or solicit a municipal entity or obligated person, until such individuals have passed the Series 50, a written consent to service of process has been obtained from such individuals and Forms MA-I have been effectively filed with the SEC.</i>

³ See National Exam Program Risk Alert, Vol VII, Issue I (November 7, 2017), available at <https://www.sec.gov/files/observations-from-municipal-advisor-examinations.pdf>. The SEC, the Financial Industry Regulatory Authority (FINRA) and bank regulators have the statutory authority to examine for and enforce compliance with MSRB rules for brokers, dealers, municipal securities dealers and municipal advisors. Information from the examining authorities regarding the compliance deficiencies observed during their examinations provide firms an opportunity to proactively assess their practices, policies and procedures to make any applicable improvements. See also, Report on FINRA Examination Findings (December 2017), available at <https://www.finra.org/sites/default/files/2017-Report-FINRA-Examination-Findings.pdf>.

⁴ The primary purpose of an OCIE examination is to promote compliance with applicable rules. Typically, at the conclusion of the examination, OCIE will issue what is called a deficiency letter, which identifies where the firm lacked policies and procedures reasonably designed to achieve compliance with the applicable rules. The firm will then provide a written response to OCIE on how the firm's policies and procedures address, or will be enhanced to address, the deficiencies. In a smaller percentage of examinations, depending on the nature and extent of the deficiencies, OCIE may make a referral to the SEC's Division of Enforcement, which will determine whether to proceed with an enforcement investigation into the potential violations OCIE observed in the course of the examination. See, e.g., <https://www.sec.gov/info/cco/cco-municipal-advisors-2014-transcript.pdf>.

⁵ OCIE noted the failure of municipal advisors to monitor gifts, travel and entertainment expenses, including the failure to maintain accurate records of travel and entertainment expenses either indexed or capable of being searched by recipient.

⁶ See Rule G-44 Supplementary Material .05.

Section	Purpose	Example
Supervisory Procedure	Describes with some specificity the activities the designated municipal advisor principal undertakes to reasonably supervise to ensure compliance with the applicable rule(s) and achieve the supervisory objective	<p><i>The activities the supervisor undertakes to ensure compliance may include, for example:</i></p> <p><i>Upon hiring a new employee who will be engaging in municipal advisory activities on the firm's behalf, the designated supervisory principal will:</i></p> <ul style="list-style-type: none"> • <i>Inform the employee of the activities that he/she may not engage in until approved to do so;</i> • <i>Specify what steps will be taken to ensure that the employee does not engage in municipal advisory activities until such time as the individual has passed the Series 50;</i> • <i>Obtain a written consent to service of process from the employee;</i> • <i>Ensure that the employee enrolls to take the Series 50 within X amount of time; and</i> • <i>Send employee an email reminder of exam date.</i>
Frequency	Indicates the frequency of the activities undertaken by the designated supervisory principal with respect to the particular procedure	<i>As needed, upon hiring</i>
Documentation	Identifies the document(s) the designated supervisory principal reviews or creates to reflect that the supervisory procedure was undertaken	<p><i>Firm maintains, for example:</i></p> <ul style="list-style-type: none"> • <i>A signed affirmation from employee to evidence employee was informed that certain activities are prohibited without proper qualification;</i> • <i>Copy of email confirming Series 50 enrollment;</i> • <i>Copy of individual's Series 50 results to evidence passing score; and</i> • <i>Copy of consent to service of process.</i>
Supervisory Responsibility	Identifies, by name and title, the principal designated the responsibilities for supervising the activity and adhering to the supervisory procedure	<i>Jane Smith, designated supervisory principal</i>
Applicable Rules and Resources	Lists the relevant rule(s) and applicable resources	<i>MSRB Rule G-3 on Professional Qualification Requirements; MSRB FAQs on the Series 50 Exam, MSRB's on-demand webinar on Professional Qualification Standards; SEC Rule 15Ba1-2</i>
Cross-References	Identifies other applicable procedures	<i>Procedures relating to the firm's registration obligations under MSRB A-12</i>
Dated	Indicates the date the procedure was created and last updated	<i>March 5, 2018</i>

Sample WSP Checklist

This WSP checklist is designed to aid a municipal advisor in preparing and assessing its written compliance policies and supervisory procedures. This checklist outlines topics and summarizes MSRB rules and certain SEC rules generally applicable to municipal advisors as of the date of this publication.⁷ The outline of topics in this checklist is not all-inclusive and the rules identified are not described in their entirety. A municipal advisor that opts to incorporate this checklist into its supervisory system should review the applicable rules in their entirety to ensure that their WSPs address all obligations applicable to the firm's municipal advisory business.⁸

Topic	Reference	Activity	If applicable, addressed in WSPs?
General Administration Activities			
Registration Requirements	MSRB Rule A-12(a) – (c) SEC Rule 15Ba1-2	A municipal advisor is required to register with the SEC and MSRB prior to engaging in municipal advisory activities. Prior to registering with the MSRB, a municipal advisor must: <ul style="list-style-type: none"> Effectively register with the SEC; and As applicable, notify a registered securities association or appropriate regulatory agency of its intent to engage in municipal advisory activities. Once registered with the SEC, a municipal advisor registers with the MSRB by filing Form A-12 and paying the applicable fees.	
Amending Form Filings	MSRB Rule A-12(j) and (k) SEC Rule 15Ba1-5	Form A-12 must be amended within 30 days of information becoming inaccurate, and the annual affirmation of Form A-12 must be completed within 17 business days after January 1 of each calendar year. A municipal advisor shall promptly amend Form MA: <ul style="list-style-type: none"> At least annually, within 90 days of the end of a municipal advisor's fiscal year or the end of the calendar year for a sole proprietor; and For certain amendments, more frequently as specified in the General Instructions to Form MA. 	

⁷ For example, while certain books and records obligations are summarized in this checklist, a municipal advisor must review SEC Rule 15Ba1-8 for a comprehensive list of a municipal advisor's recordkeeping requirements under the Securities Exchange Act of 1934 ("Exchange Act"). In addition, this checklist does not address the applicability of obligations under SEC Rules 15Ba1-3, 15Ba1-4, 15Ba1-6 or 15Ba1-7.

⁸ The full text of current MSRB rules is available at <http://www.msrb.org/Rules-and-Interpretations/MSRB-Rules.aspx>. As provided for in MSRB Rule D-11, unless the context otherwise requires, the term "municipal advisor" in MSRB rules shall refer to and include a firm's associated persons. In addition to reviewing applicable rules, where appropriate, municipal advisors should consider reviewing other MSRB resources. See, e.g., FAQs on MSRB Rules Regarding Gifts, Gratuities and Non-Cash Compensation (December 2016), available at <http://www.msrb.org/msrb1/pdfs/FAQ-MSRB-Rule-G-20.pdf>.

Topic	Reference	Activity	If applicable, addressed in WSPs?
Separately Identifiable Department or Division of a Bank	MSRB Rule G-1(b) MSRB Rule G-44(e) SEC Rule 15Ba1-1	<p>For purposes of its municipal advisory activities, the term “separately identifiable department or division of a bank,” shall have the same meaning as SEC Rule 15Ba1-1(d)(4), which is that unit of the bank which conducts all of the municipal advisory activities of the bank, providing:</p> <ul style="list-style-type: none"> Such unit is under the direct supervision of an officer or officers designated by the board of directors of the bank as responsible for the day-to-day conduct of the bank’s municipal advisory activities; and All of the records relating to the bank’s municipal advisory activities are separately maintained in, or extractable from, such unit’s own facilities or the facilities of the bank, and such records are maintained/accessible to permit independent examination. <p>A municipal advisor that is a bank or a separately identifiable department or division of a bank may be exempt from supervision requirements under MSRB Rule G-44 and certain books and records requirements under MSRB Rule G-8 to the extent the municipal advisor engages in municipal advisory activities in the exercise of any fiduciary powers as defined in 12 C.F.R. Section 9.2(g) or substantially identical powers and the municipal advisor certifies in writing annually that it is, with respect to such activities, subject to federal supervisory and compliance obligations and books and records requirements that are substantially equivalent to the supervisory and compliance obligations under Rule G-44 and the corresponding books and records requirements under Rule G-8.</p>	
Regulatory Fees	MSRB Rules A-12(c) and A-11(a)	A municipal advisor is responsible for the annual registration fee that is due by October 31 each year and the annual professional fee for each of its qualified associated persons that is due by April 30 each year.	
Designated Contacts	MSRB Rule A-12(f) and (j)	A municipal advisor must designate firm contacts via Form A-12 and is required to amend Form A-12 to update the designated contacts as changes occur.	
Recordkeeping Requirements	MSRB Rule G-8(h)(i) SEC Rule 15Ba1-8	A municipal advisor must maintain a copy of the email received from the MSRB confirming submission and acceptance of Form A-12.	
Professional Qualifications			
Standards of Professional Qualification	MSRB Rule G-2 SEC Rules 15Ba1-2 and 15Ba1-8	A municipal advisor may not engage in municipal advisory activities unless it is properly qualified.	
Qualification Requirements	MSRB Rule G-3(d) and (e)	<p>No municipal advisor or individual is qualified for purposes of Rule G-2 until the applicable qualification requirements are met:</p> <ul style="list-style-type: none"> An associated person must pass the Municipal Advisor Representative Qualification Examination (Series 50) prior to engaging in municipal advisory activities. Each associated person directly engaged in the management, direction or supervision of the activities of the municipal advisor and that of its associated persons must pass the Series 50. <p>A municipal advisor must have at least one principal.</p>	

Topic	Reference	Activity	If applicable, addressed in WSPs?
Recordkeeping Requirements	SEC Rule 15Ba1-8	<p>A municipal advisor must make and maintain:</p> <ul style="list-style-type: none"> • A list or other record of the names, titles and business and residence addresses of all persons associated with the municipal advisor; and • Record of the names of persons who have been, in the past five years, associated with the municipal advisor. <p>Such records are to be retained for a period of not less than five years.</p>	
Continuing Education Requirements	MSRB Rule G-3(i)(ii)	<p>Annually, a municipal advisor must:</p> <ul style="list-style-type: none"> • Evaluate and prioritize the training needs for its municipal advisor representatives and municipal advisor principals; • Develop a written training plan; and • Conduct training on applicable municipal advisory activities for such covered persons, which shall include, at a minimum: <ul style="list-style-type: none"> ▶ The fiduciary obligation that a municipal advisor owes to municipal entity clients; and ▶ Applicable regulatory requirements. 	
Recordkeeping Requirements	MSRB Rule G-8(h)(vii) MSRB Rule G-9(h)(i)	<p>A municipal advisor is required to maintain:</p> <ul style="list-style-type: none"> • Copies of the firm’s needs analysis; • Copies of the firm’s written training plan; • Documentation of the content of the training programs; and • Documentation that each municipal advisor representative and municipal advisor principal completed the applicable training programs. <p>A municipal advisor must maintain these records for at least five years.</p>	
Business Conduct Activities			
Disciplinary Actions by Regulatory Agencies	MSRB Rule G-5 <i>See also</i> Section 15B(c)(2)-(4)	No municipal advisor nor an associated person of a municipal advisor shall engage in municipal advisory activities in contravention of restrictions imposed on the municipal advisor by the SEC pursuant to the Exchange Act (e.g., suspension, revocation of registration or bar).	
Fair Dealing	MSRB Rule G-17	In the conduct of its municipal advisory activities, a municipal advisor shall deal fairly with all persons and shall not engage in any deceptive, dishonest or unfair practice.	

Topic	Reference	Activity	If applicable, addressed in WSPs?
Gifts and Gratuities			
General Limitation on Value of Gifts and Gratuities	MSRB Rule G-20(c) and (d)	<p>A municipal advisor may not directly or indirectly provide any thing or service of value in excess of \$100 per year to any person when such payment is in relation to the municipal advisory business of the recipient's employer. The following gifts are excluded from the general gift limitation under the rule:</p> <ul style="list-style-type: none"> • Normal business dealing gifts; • Transaction-commemorative gifts; • <i>de minimis</i> gifts; • Promotional gifts; • Bereavement gifts; and • Personal gifts. 	
Prohibition on Use of Proceeds	MSRB Rule G-20(e)	A municipal advisor is prohibited from obtaining reimbursement for its costs and expenses from the proceeds of the offering of municipal securities related to the entertainment of any person, including, but not limited to, an official or other personnel of the municipal entity or obligated person.	
Valuation of Gifts	MSRB Rule G-20 Supplementary Material .01	A gift should be valued at the higher of cost or market value, unless the gift is tickets to a sporting or other entertainment event, which should be valued at the higher of cost or face value.	
Aggregation of Gifts	MSRB Rule G-20 Supplementary Material .02	A municipal advisor should aggregate all gifts given by the firm and each of its associated persons to recipients over the course of a year.	
Recordkeeping Requirements	MSRB Rule G-20 Supplementary Material .01, MSRB Rule G-8(h)(ii) MSRB Rule G-9(h)(i)	<p>If gifts are given to multiple recipients, the municipal advisor should also record the names of each recipient and value of the gift on a pro rata per recipient basis, and</p> <p>As applicable, a municipal advisor must make and maintain:</p> <ul style="list-style-type: none"> • A separate record of any gift or gratuity subject to the \$100 gift limit; and • A record of the agreement and compensation paid for contracts of employment or for services rendered. <p>Records maintained must be kept for a period of not less than five years.</p>	
Political Contributions and Prohibitions on Municipal Advisory Business			
Two-Year Ban	MSRB Rule G-37(b)(i)	A municipal advisor shall not engage in municipal advisory business with a municipal entity within two years after a contribution to an official of such municipal entity with municipal advisor selection influence has triggered a ban on business.	
Excluded Contributions — <i>De Minimis</i> Contribution	MSRB Rule G-37(b)(ii)(A)	Contributions to an official of a municipal entity with municipal advisor selection influence will not subject a municipal advisor to a ban on business if the contribution is made by a municipal advisor professional who is entitled to vote for the official and the contribution does not exceed \$250 per election.	

Topic	Reference	Activity	If applicable, addressed in WSPs?
Excluded Contributions — Made Before Becoming a Municipal Advisor Solicitor	MSRB Rule G-37(b)(ii)(B)	<p>Contributions to an official of a municipal entity with municipal advisor selection influence will not subject a municipal advisor to a ban on business if the contribution is made by a natural person who:</p> <ul style="list-style-type: none"> • At the time of the contribution was not a municipal advisor professional; • Became and is a municipal finance professional or municipal advisor professional, or both, solely on the basis of being a dealer solicitor and/or municipal advisor solicitor; and • Since becoming a municipal finance professional and/or municipal advisor professional has not solicited the municipal entity. 	
Excluded Contributions — Made Before Becoming a Municipal Advisor Professional	MSRB Rule G-37(b)(ii)(C)	<p>Contributions to an official of a municipal entity with municipal advisor selection influence will not subject a municipal advisor to a ban on business if the contribution is made by a person who is a municipal advisor professional solely based on activities as a municipal advisor principal, municipal advisor supervisory chain person, or municipal advisor executive officer, and the contribution was made more than six months before becoming a municipal advisor professional.</p>	
Required Disclosures	MSRB Rule G-37(e)	<p>A municipal advisor must submit to the MSRB, by the last day of the month, following the end of each calendar quarter, the information requested on Form G-37:</p> <ul style="list-style-type: none"> • Contributions by: <ul style="list-style-type: none"> ▶ The municipal advisor firm itself to an official of a municipal entity; ▶ Any political action committee controlled by the municipal advisor or an MAP of the municipal advisor; and ▶ Any <i>non-de minimis</i> contributions to an official of a municipal entity made by an MAP or non-MAP executive officer. <p>A contribution is <i>de minimis</i>, if the contributor is entitled to vote for the official and all contributions by the contributor, in total, do not exceed \$250 per election.</p> <ul style="list-style-type: none"> • Payments by: <ul style="list-style-type: none"> ▶ The municipal advisor firm itself to political parties of states and political subdivisions; ▶ Any political action committee controlled by the municipal advisor or an MAP of the municipal advisor; and ▶ Any <i>non-de minimis</i> payments to such political parties and political subdivisions made by an MAP or non-MAP executive officer. <p>A payment is <i>de minimis</i>, if made to a political party of a state in which the person making the payment is entitled to vote if all payments by that person to the political party, in total, do not exceed \$250 per year.</p>	

Topic	Reference	Activity	If applicable, addressed in WSPs?
Required Disclosures <i>(continued)</i>	MSRB Rule G-37(e)	<p>In addition, any contributions to a bond ballot campaign by:</p> <ul style="list-style-type: none"> The municipal advisor firm itself to a bond ballot campaign; Any political action committee controlled by the municipal advisor or an MAP of the municipal advisor; and Any <i>non-de minimis</i> contributions to a bond ballot campaign made by an MAP or non-MAP executive officer. <p>A contribution is <i>de minimis</i>, if the contributor is entitled to vote for the ballot initiative and all contributions by the contributor, in total, do not exceed \$250 per ballot initiative.</p> <p>Additional Information about Bond Ballot Campaigns:</p> <ul style="list-style-type: none"> Certain information about any primary offering resulting from a ballot campaign to which a reportable contribution was made and certain information about payments or reimbursements related to bond ballot campaigns. Information about the municipal entities with which the municipal advisor has engaged in municipal advisory business during the relevant calendar quarter. <p>A municipal advisor does not have to submit Form G-37 to the MSRB, if:</p> <ul style="list-style-type: none"> It has no information that is required to be reported pursuant to paragraphs (e)(i)(A)-(D) for such calendar quarter; or The municipal advisor has not engaged in any municipal advisory business in the seven consecutive quarters immediately preceding such calendar quarter and filed Form G-37x with the MSRB. 	
Recordkeeping Requirements⁹	MSRB Rule G-37(e) MSRB Rule G-8(h)(iii) MSRB Rule G-9(h)(i)	<p>As applicable, a municipal advisor must make and maintain records, that include, but are not limited to:</p> <ul style="list-style-type: none"> Records reflecting certain payments and contributions made as detailed in Rule G-8(h)(iii)(E) – (I); A listing of the names, titles, city/county and state of residence of all municipal advisor professionals; A listing of the names, titles, city/county and state of residence of all non-MAP executive officers; The state in which the municipal advisor is engaging or is seeking to engage in municipal advisory business; A listing of municipal entities with which the municipal advisor has engaged in municipal advisory business, along with the type of municipal advisory business engaged in, during the current year and separate listings for each of the previous two calendar years; and Copies of any forms submitted pursuant to Rule G-37 along with a record that such forms were submitted to the MSRB. <p>Generally, such records that are made and maintained are to be retained for a period of not less than five years, except for copies of any Form G-37 and Form G-37x submitted, which shall be preserved for the period during which that form is effective and for at least six years thereafter.</p>	

⁹ As noted, this checklist does not describe each rule in its entirety and municipal advisors should refer to MSRB Rule G-37 and Rule G-8(h)(iii) for the full list of records to be made and maintained for compliance with Rule G-37.

Topic	Reference	Activity	If applicable, addressed in WSPs?
Duties of Non-Solicitor Municipal Advisors			
Standards of Conduct	MSRB Rule G-42(a)	A municipal advisor owes a duty of care to obligated person clients and a fiduciary duty to municipal entity clients, which includes a duty of care and a duty of loyalty.	
Disclosure of Conflicts of Interest	MSRB Rule G-42(b) MSRB Rule G-42 Supplementary Material .05	<p>A municipal advisor must, prior to or upon engaging in municipal advisory activities, provide to its municipal entity clients and obligated person clients written disclosures of:</p> <ul style="list-style-type: none"> • Potential and actual material conflicts of interest, including: <ul style="list-style-type: none"> ▶ Any advice, service or product to or on behalf of a client by an affiliate that is directly related to the municipal advisory activities to be performed by the disclosing municipal advisor; ▶ Payments made to obtain or retain an engagement to perform municipal advisory activities; ▶ Payments received by a municipal advisor from a third party to enlist from the municipal advisor the recommendation to the client of its services, any municipal securities transactions or any municipal financial product; ▶ Any fee-splitting arrangements involving the municipal advisor and provider of investments or services to the client; ▶ Those arising from compensation for municipal advisory activities to be performed that is contingent on the size or closing of any transaction on which the municipal advisor is providing advice; and ▶ Any other actual or potential conflicts of interest that the municipal advisor is aware of after reasonable inquiry that could reasonably be anticipated to impair the municipal advisor's ability to provide advice in accordance with the standards of conduct. • Legal or disciplinary events that are material to the client's evaluation of the municipal advisor or integrity of its management or personnel. <ul style="list-style-type: none"> ▶ A municipal advisor may disclose legal or disciplinary information by identifying the specific type of event and reference to the relevant portions of the most recently filed Forms MA or MA-I. <p>If the municipal advisor concludes it has no known material conflicts of interest based on reasonable diligence, the municipal advisor must provide a written statement to the client to that effect.</p>	

Topic	Reference	Activity	If applicable, addressed in WSPs?
Documentation of Municipal Advisory Relationship	MSRB Rule G-42(c) MSRB Rule G-42 Supplementary Material .06	<p>Prior to, upon or promptly after the establishment of the municipal advisory relationship, a municipal advisor must evidence the municipal advisory relationship by a writing(s) created and delivered to the municipal entity or obligated person client.</p> <p>The writing(s) must be dated and include, at a minimum:</p> <ul style="list-style-type: none"> • Form and basis of direct or indirect compensation, if any; • Disclosure of conflicts of interest and other information; • Description of the specific type of information regarding legal and disciplinary events requested on Forms MA and MA-I; • Date of last material change or addition to the legal or disciplinary event disclosures on Form MA and MA-I, including a description of the basis for the material change or addition; • Scope of the municipal advisory activities to be performed, including any limitations on the scope of engagement; • Date, triggering event or means of termination of the municipal advisory relationship or a statement that there is none; and • Terms relating to the withdrawal from the municipal advisory relationship. 	
Recommendation and Review	MSRB Rule G-42(d) MSRB Rule G-42 Supplementary Material .09 and .10	<p>If a municipal advisor makes a recommendation of a municipal securities transaction or municipal financial product, the municipal advisor must have a reasonable basis to believe that the G-42 recommendation is suitable for the client, based on the information obtained through reasonable diligence.</p> <p>If a municipal advisor undertakes a review of a third party's recommendation, the municipal advisor must determine whether the recommended municipal securities transaction or municipal financial product is, or is not, suitable for the client based on information obtained through reasonable diligence.</p> <ul style="list-style-type: none"> • If a municipal advisor makes, or reviews, a recommendation of a municipal securities transaction or municipal financial product, a municipal advisor must inform the client of: <ul style="list-style-type: none"> ▶ Its evaluation of the material risks, potential benefits, structure, and other characteristics of the recommended municipal securities transaction or municipal financial product; ▶ Basis upon which the municipal advisor reasonably believes that the recommended municipal securities transaction or municipal financial product is, or is not, suitable for the client; and ▶ Whether the municipal advisor investigated or considered other reasonably feasible alternatives to the recommended municipal securities transaction or municipal financial product. 	

Topic	Reference	Activity	If applicable, addressed in WSPs?
Specified Prohibitions	MSRB Rule G-42(e)	<p>A municipal advisor is specifically prohibited from:</p> <ul style="list-style-type: none"> • Receiving compensation that is excessive in relation to the municipal advisory activities performed; • Delivering an invoice for fees or expenses for municipal advisory activities that is materially inaccurate; • Making any representation or the submission of any information that the municipal advisor knows or should know is either materially false or misleading due to the omission of a material fact; • Making, or participating in, any fee-splitting arrangement with underwriters on any municipal securities transaction as to which it has provided or is providing advice, and any undisclosed fee-splitting arrangements with providers of investments or services to a municipal entity client or obligated person client of the municipal advisor; • Making payments for the purpose of obtaining or retaining an engagement to perform municipal advisory activities, other than as allowed under the rule; and • Engaging with the municipal entity client in a principal transaction, except as provided for under the rule. 	
Recordkeeping Requirements	MSRB Rule G-8(h)(iv) MSRB Rule G-9(h)(i) SEC Rule 15Ba1-8	<p>As applicable, a municipal advisor must maintain a copy of:</p> <ul style="list-style-type: none"> • Any document created by the municipal advisor that was material to the municipal advisor's review of a G-42 recommendation made by another party; • Any document created by the municipal advisor that memorializes the municipal advisor's reasonable basis for determining the G-42 recommendation was suitable for the client; • Any document created by the municipal advisor that was material to making a recommendation to a municipal entity or obligated person or that memorializes the basis for that recommendation; • Written agreements entered into by the municipal advisor with any municipal entity, employee of a municipal entity or an obligated person or otherwise relating to the business of such municipal advisor; and • Originals or copies of all written communications received or sent, by the municipal advisor (including inter-office communications and memoranda) relating to municipal advisory activities. <p>Such records are to be retained for a period of not less than five years.</p>	
Client Complaints			
Municipal Advisory Client Notifications/ Informational Brochure	MSRB Rule G-10(b)	<p>A municipal advisor shall, after the establishment of a municipal advisory relationship or promptly after entering into an agreement to undertake a solicitation of a municipal entity or obligated person (and no less than once each calendar year thereafter), provide its municipal advisory clients written notification of:</p> <ul style="list-style-type: none"> • The municipal advisor's registration with the SEC and MSRB; • The MSRB's website address; and • The availability of a municipal advisor client brochure. 	

Topic	Reference	Activity	If applicable, addressed in WSPs?
Recordkeeping Requirements	MSRB Rule G-8(h)(vi) MSRB Rule G-8 Supplementary Material .02 MSRB Rule G-9(h)(iii)	<p>As applicable, a municipal advisor must maintain a record of any written complaint received from a municipal advisory client or a person acting on behalf of a municipal advisory client. For purposes of this obligation, a “municipal advisory client” shall include either a municipal entity or obligated person for whom the municipal advisor engages in municipal advisory activities, or a broker, dealer, municipal securities dealer, municipal advisor, or investment adviser on behalf of whom the municipal advisor undertakes a solicitation of a municipal entity or obligated person.</p> <p>The record of any complaint received must include the:</p> <ul style="list-style-type: none"> • Complainant’s name and address; • Municipal advisory client number or code, if any; • Date the complaint was received; • Date of the activity that gave rise to the complaint; • Name of each associated person identified in the complaint; • Description of the nature of the complaint; and • What action, if any, has been taken by such municipal advisor in connection with such complaint. <p>The records must be kept in an electronic format using the MSRB’s Complaint Product and Problem Codes Guide and retained for a period of not less than six years.</p> <p>In addition to the recordkeeping requirements under the rule, a municipal advisor may be required to promptly report complaints to other appropriate regulatory authorities, such as complaints alleging theft, misappropriation of funds or securities, or forgery.</p>	
Supervisory and Compliance Obligations			
Supervisory System	MSRB G-44(a) MSRB Rule G-44 Supplementary Materials .02, .03, .04	<p>A municipal advisor shall establish, implement and maintain a system to supervise the municipal advisory activities of the municipal advisor and that of its associated persons. The supervisory system shall be reasonably designed to achieve compliance with applicable securities laws and regulations. A supervisory system shall provide, at a minimum:</p> <ul style="list-style-type: none"> • WSPs that are reasonably designed to ensure that the firm’s municipal advisory activities are conducted in compliance with applicable rules, taking into consideration, among other things, the firm’s size, organizational structure and scope of municipal advisory activities. The firm’s WSPs should be: <ul style="list-style-type: none"> ▶ Promptly amended to reflect changes in applicable rules and as changes occur in the firm’s business and supervisory system. Any changes to a municipal advisor’s WSPs should be promptly communicated to applicable associated persons. • Designation of one or more municipal advisor principals who are vested with the authority to carry out the supervision they are responsible for and have sufficient knowledge, experience and training to effectively discharge their responsibilities. <p>In the case where an associated person is supervising his or her own activities, the firm’s WSPs must address the manner in which, in the absence of separate supervisory personnel, the procedures are reasonably designed to achieve compliance with applicable rules.</p>	

Topic	Reference	Activity	If applicable, addressed in WSPs?
Compliance Processes	MSRB Rule G-44(b) MSRB Rule G-44 Supplementary Material .05	A municipal advisor shall have in place and implement processes to establish, maintain, review, test and modify the firm's written compliance policies and WSPs to ensure they are reasonably designed to achieve compliance with applicable rules. No less than annually, a municipal advisor must conduct a review of the firm's compliance policies and WSPs. The review should, at a minimum, consider any compliance matters that arose since the previous review, any changes in the firm's municipal advisory activities and any changes in applicable rules.	
Chief Compliance Officer	MSRB Rule G-44(c) MSRB Rule G-44 Supplementary Materials .06, .07 and .08	A municipal advisor shall designate one individual to serve as its chief compliance officer (CCO). The CCO shall have significant interaction with senior management regarding the firm's comprehensive compliance program. The CCO should have competence in the process of: <ul style="list-style-type: none"> • Gaining an understanding of the services and activities that need to be the subject of written compliance policies and WSPs; • Identifying the applicable rules and standards of conduct pertaining to such services and activities based on experience and/or consultation with others; • Developing, or advising other persons charged with the obligation to develop, policies and procedures that are reasonably designed to achieve compliance with applicable rules and standards of conduct; and • Developing programs to test compliance with the municipal advisor's policies and procedures. <p>The CCO may be a principal of the firm or a non-employee of the firm. If a non-employee, then the person designated as CCO must have the competence described above and the municipal advisor shall retain ultimate responsibility for its compliance obligations.</p> <p>An employee designated as the CCO may hold other positions within the firm, including serving in any position in senior management or being designated as a supervisory principal, provided the person can discharge the duties of CCO considering all the responsibilities of any other position(s).</p>	
Annual Certification	MSRB Rule G-44(d)	A municipal advisor shall have its chief executive officer(s) or an equivalent officer annually certify in writing that the firm has the compliance processes required under Rule G-44(b) in place.	

Topic	Reference	Activity	If applicable, addressed in WSPs?
Recordkeeping Requirements	MSRB Rule G-8(h)(v) MSRB Rule G-9(h)(i) and (ii) SEC Rule 15Ba1-8	<p>A municipal advisor must maintain:</p> <ul style="list-style-type: none"> • A copy of the firm’s policies and procedures; • A copy of any policies and procedures that were in effect during the previous five years (not including those in effect prior to January 13, 2014); • Records of the reviews of written compliance policies and WSPs; • The annual certifications that the firm has in place processes to establish, maintain, review, test and modify written compliance policies and written supervisory procedures; and • Any certification made as to substantially equivalent supervisory and compliance obligations and books and records requirements with respect to exempted federally regulated banks. <p>Such records are to be retained for a period of five years.</p> <p>In addition, a municipal advisor must make and maintain:</p> <ul style="list-style-type: none"> • A record of all designations of persons responsible for supervision; and • A record of all designations of persons as CCO. <p>Records reflecting such designations must be retained for the period of designation of each person and for at least six years following any change in designation.</p>	