

# Code of Ethics and Business Conduct

## PURPOSE

The Code of Ethics and Business Conduct (“Code”) is a guide to the professional conduct expected of Board members during their tenure with the MSRB. At all times, Board members must comply with the letter and spirit of this Code and must conduct themselves with honesty and integrity so as to protect the reputation of the MSRB. Board members have a responsibility to lead according to the standards in this Code, in both words and action, and to serve as an example to other industry participants in complying with the law. The Code is designed to provide a broad overview, and it cannot cover every potential situation that a Board member may encounter but provides assistance for using good judgement in facing ethical issues or business conduct not meeting MSRB standards and encourages consultation with the General Counsel with any questions, concerns or issues. The Code reflects the MSRB’s statutory role with respect to the municipal securities markets, which, among other things, is “... to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade. . . to remove impediments to and perfect the mechanism of a free and open market in municipal securities. . . and, in general, to protect investors . . . and the public interest . . .”<sup>1</sup> In this respect, this Code reflects the values that define the MSRB and the principle that, particularly in light of the regulatory role, Board members must act in a manner that commands the confidence and respect of both the municipal securities market and the public. The MSRB’s Conflicts of Interest Policy describes and differentiates among different types of conflicts of interest and provides guidance on the management and reporting of such conflicts.

Service on the Board of Directors (“Board”) is a privilege, and any member who abuses that privilege by violating the Code may be removed by the Board or SEC. This includes harassment, retaliation or any other adverse consequence against a Board member or staff member who in good faith reports an allegation, or who takes part in or cooperates with an investigation of a potential Code violation.

## SCOPE

This Policy applies to all Board members.

## POLICY

Board members shall not engage in any conduct that harms the reputation of the MSRB or the municipal securities market. In conducting MSRB business, Board members must act fairly and not deceive other members or industry participants, such as by misrepresenting or withholding information. Board members also must deal fairly with MSRB staff, vendors and others with whom the MSRB interacts. Board members must not abuse their authority, or act or fail to act, on any matter so as to affect adversely the MSRB or its statutory mission. Board members must

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<sup>1</sup> Securities Exchange Act of 1934 Section 15B(b)(2)(C).

show a commitment to the MSRB's values through their actions and promote an environment where compliance is expected, and ethical behavior is the norm.

In addition, Board members have a duty to report behavior on the part of others that appears to violate this Code, the Board's Policies and Procedures or the law in accordance with the MSRB's Whistleblower Policy and Complaint Handling Procedures, and all concerns will be handled in accordance with that policy.

### ***Compliance with the Law***

Board members are required to comply with all applicable laws, rules and regulations, including the Securities Exchange Act of 1934 ("Exchange Act"), the rules and regulations of the SEC, the rules of the MSRB and the Board's Policies and Procedures. Violations of laws, rules and regulations may subject Board members, as well as the MSRB, to civil and/or criminal penalties and can result in severe consequences for the Board member and the MSRB. The SEC is authorized pursuant to Section 15B of the Exchange Act to remove from office or censure a Board member who willfully violates the Exchange Act, SEC rules and regulations, or MSRB rules, or who abuses his or her authority.

### ***Antitrust Considerations***

The Board is not organized to, and may not play any role in, the competitive decisions of its members or their employers, nor in any way restrict competition among members or market participants. The Board provides a forum for the exchange of ideas in a variety of settings, including Board meetings, committee meetings and outreach events. Under no circumstances may these Board activities be misused as an opportunity for anti-competitive conduct. The Board supports the policy of competition underlying the antitrust laws, and it is the Board's policy to comply strictly with those laws. The purpose of antitrust regulation is to protect consumers by preserving free competition in the market for goods and services. One potential area of concern is price fixing, which is broadly construed to include any concerted effort or action that has an effect on prices or on competition. Accordingly, Board members should refrain from any discussion which may provide the basis for an inference that members agreed to take concerted action relating to prices or allocation of markets.

### ***Insider Trading***

Board members may become aware of examinations or disciplinary action by other regulators, or other matters concerning MSRB registrants or market participants that is not available to the general public. Board members also have information about pending MSRB rules or other Board action. The use of any non-public or "inside" information for securities trading purposes (or any other personal advantage), directly or indirectly, is strictly forbidden (whether by the Board member or any of his or her family members or other person to whom the Board member might communicate the information). The federal securities laws prohibit anyone who possesses "material," non-public information from trading on the basis of such information, in violation of a fiduciary or other duty. "Material" information is often defined as any information

that might have an impact on the price of a security or that a reasonable investor would consider important in making an investment decision (*e.g.*, deciding whether to buy, sell or hold a security). Board members owe the MSRB a fiduciary duty by law. Therefore, they may not trade in a security while in possession of any material, non-public information regarding that security or its issuer, or the municipal securities market, obtained in their capacity as Board members.

Under this Code, Board members must also keep all non-public information learned during their tenure on the Board confidential. Further, U.S. law prohibits anyone who possesses material, non-public information from knowingly or recklessly providing, for a personal benefit, that information to any other person who might trade on it, which is referred to as “tipping.” Board members, therefore, may not, under any circumstances, provide non-public information obtained as a Board member to others, and tipping will be treated as a violation of the insider trading provisions of this Code.

In light of the insider trading and tipping prohibitions, and except as provided to them in connection with their Board responsibilities, Board members are prohibited from accessing non-public information in an attempt to gain knowledge for securities trading or tipping (or for any other personal purpose). In particular, Board members are prohibited from accessing any information about individual registrant examinations or disciplinary matters.

Board members who are uncertain about these “insider trading” rules or their application to a set of circumstances should consult the General Counsel before conducting a securities transaction or discussing Board business with others. Any Board member who violates the “insider trading” rules will be subject to immediate removal from the Board.

### ***Compensation and Loans***

Board members may not accept compensation in any form for services performed for the MSRB from any source other than the MSRB. For example, Board members may not accept from others a finder’s fee, commission or other remuneration for any business transaction in which the MSRB is involved or for services rendered to the MSRB.

Loans by the MSRB to, and guarantees by the MSRB of obligations of, Board members are prohibited. Board members are also prohibited from borrowing from or lending to MSRB staff or one another in a personal capacity. In addition, Board members are prohibited from borrowing from or lending to MSRB regulated entities, except in the ordinary course of the entity’s business, and pursuant to the specific lending policies of such organizations.

### ***Bribery***

Bribery may take many forms, such as the receipt by a Board member of money, favors, travel and entertainment, offers of employment, assumption or forgiveness of debt. Board members are prohibited from soliciting or accepting bribes or anything of value, from any person regulated by the MSRB, with whom the MSRB does business, or who is otherwise affected by

the MSRB's work, for the purpose of inducing or rewarding any action or inaction in connection with the Board member's service on the Board. Similarly, Board members must not use their positions on the Board as a means to coerce or pressure market participants or others to take or refrain from taking any action. The prohibitions set forth in this section are in addition to prohibitions in other sections of the Board's Policies and Procedures, including provisions pertaining to gifts and entertainment.

### ***Confidentiality Requirement***

Board members must maintain the confidentiality of non-public, confidential or proprietary information (including information about MSRB registrants, MSRB employees and the MSRB itself) learned during their tenure on the Board and may never disclose such information, unless disclosure is required by law, or use it for personal gain. Board meetings are closed to the media and the public in order to promote free and frank discussion on all topics and to promote an environment in which impartial judgment may be exercised. Board members must treat as confidential all Board and committee discussions and material, unless otherwise directed by the Board in furtherance of a regulatory objective or Board initiative. If a Board member (or a Board member's employer) receives a request to produce communications or documents that the MSRB has provided to the Board member (*e.g.*, a subpoena, a discovery request, or a Freedom of Information Act-type request), the Board member must promptly inform the General Counsel.

### ***External Communications***

No Board member other than the Board Chair may speak to the press as a representative of the MSRB, unless such Board member has been designated to do so by the Board Chair or the Chief Executive Officer and with advance notification given to both. If so designated, the Board member must disclose to the news outlet that he or she is a member of the Board of the MSRB and is speaking on behalf of the MSRB. In order to ensure consistent messaging, MSRB staff will assist in any interview with the press. Without authorization, Board members may speak to the press in their individual capacities but, in doing so, Board members must make clear that the views expressed are their own and not necessarily those of the MSRB.

Board members may speak at industry events as a representative of the MSRB if so authorized by the Board Chair or the Chief Executive Officer. Without authorization, Board members may speak at industry events in their individual capacities and on behalf of other professional organizations. However, Board members must use care to avoid disclosure of non-public, confidential or proprietary information in connection with such activities, must not make remarks about MSRB business and should make clear that the views expressed are their own and not necessarily those of the MSRB. Board members must provide the Board Chair and the Chief Executive Officer with advance notice of speaking engagements at industry events as soon as practicable.

The MSRB recognizes that Board members may use social media in their personal and professional capacity. It is important that Board members recognize any potential harm to the

MSRB's reputation or relationships that could be caused by social media transmissions. Board members should not post any Board information that is not otherwise publicly available, nor any MSRB logo or trademark. In addition, social media profiles should be kept up to date, including after Board service has ended.

### ***Charitable and Political Contributions and Lobbying***

Board members may not make charitable or political contributions on behalf of the MSRB but may make these contributions in their individual capacities, as permitted by law. Board members may not lobby any governmental body or public official or appear before such a body or official as a representative of the MSRB, without the approval of the Board Chair or Chief Executive Officer and with advance notification given to both. If a Board member engages in or supports lobbying activities on behalf of the MSRB, MSRB staff will ask the Board member to facilitate the MSRB's compliance with applicable lobbying reporting requirements by logging the amount of time spent and expenses incurred in such activities.

### ***Harassment and Discrimination***

The MSRB does not tolerate harassment or violence of any kind in its workplace or in connection with the conduct of MSRB and Board matters. Harassment can be verbal, non-verbal or physical, such as yelling, offensive jokes, obscene remarks or unwelcome physical contact or advances.

The MSRB is committed to maintaining a safe and inclusive environment in which all Board members and staff members are treated fairly and with respect and dignity. The MSRB prohibits discrimination and harassment based upon an individual's race, color, religion, gender, national origin, ethnicity, sexual orientation, pregnancy, gender identity or expression, age, disability, genetic information, citizenship status, marital status, personal appearance, family responsibilities, enrollment in vocational, professional or college education, political affiliation, or any other characteristic protected by applicable state, federal or local law.

Board members who witness, or have been subject to, discrimination or harassment must file a report in accordance with the MSRB's Whistleblower Policy and Complaint Handling Procedures. Anyone found to be engaging in any type of discrimination or harassment in violation of this Code will be subject to discipline, up to and including removal from the Board. All Board members have a responsibility to keep the MSRB work environment free of harassment and discrimination, and each Board member is expected to exercise care to avoid conduct that may be perceived as discriminatory or harassing.

### ***MSRB Assets***

Board members have a duty to safeguard the MSRB's assets, both tangible and intangible, against loss, damage, misuse, theft or sabotage. Other than for MSRB business, Board members may not use or seek to use MSRB staff, supplies, equipment, real estate, confidential information, intellectual property, other sensitive information or material, as well as MSRB funds in any form or other assets.

### ***Workplace Safety and Health***

The MSRB strives to provide safe and healthy working conditions for Board members. Board members are responsible for observing all safety and health rules, practices and laws as applicable, and for taking precautions necessary to protect themselves and others. Board members are also responsible for immediately reporting accidents, injuries, occupational illnesses and unsafe practices or conditions to staff. Threats, acts of violence and physical intimidation are strictly prohibited. Possession of weapons on the job or on MSRB premises is prohibited, unless permitted by law. Talk of violence or joking about violence must be avoided. It is the policy of the MSRB to establish and maintain a work environment that is free from the abuse of illegal and legal drugs. As is the case with any violation of the Code, Board members have a responsibility to report any unsafe behavior or condition regardless of whether they are directly involved or a witness.

### ***Accuracy and Retention of Books and Records***

The MSRB's books and records must accurately and fairly represent the Board's decision-making process and all proceedings of the Board and its committees. Board members must never create or participate in the creation of false or misleading records and are expected to cooperate fully with MSRB auditors. Board members must comply with MSRB policies on record retention, including the policy regarding electronic communications. As set forth in Section 1.9 of the Board's Policies and Procedures, email sent to or received from the MSRB's email system is retained by the MSRB. Any other email that Board members send or receive in their capacity as members of the Board, including, but not limited to, email sent between Board members using their respective employer or personal email systems, is also considered a record of the MSRB and must be retained for a period of five years pursuant to the Board's Policies and Procedures.

### ***Complaint Handling and Compliance Reviews***

Allegations of potential wrongdoing should be reported to the Chair of the Audit and Risk Committee or via the MSRB Hotline in accordance with the MSRB's Whistleblower Policy and Complaint Handling Procedures. No Board member or staff member who in good faith reports an allegation, or who takes part in or cooperates with an investigation, shall be subject to harassment, retaliation or any other adverse consequence. The Audit and Risk Committee, with the assistance of staff or outside consultants, may conduct periodic reviews of compliance with the Code.

## **ROLES AND RESPONSIBILITIES**

- **Nominating and Governance Committee**
  - Administer this Code and recommend any changes to the Board for approval
- **Board Members**
  - Compliance with this Code

- Annually complete and sign the Board Member Acknowledgement of and Agreement to Abide by Code of Ethics and Business Conduct
- **General Counsel**
  - Counsel Board members regarding compliance with this Code

## **EXCEPTIONS**

Unless otherwise prohibited by law, the General Counsel may grant a waiver of any provision of this Code. Such waivers may be granted only upon a showing of good cause.

*(Last updated October 1, 2019)*