

## **Whistleblower Policy and Complaint Handling Procedures**

### **PURPOSE**

The purpose of this Policy is to ensure that complaints, concerns or allegations of wrongdoing relating to the MSRB or the activities of the MSRB, its Board of Directors (“Board”) and staff are appropriately and expeditiously handled. This Policy is intended to encourage Board members and staff to promptly raise attention to suspected or actual wrongdoing.

### **SCOPE**

This Policy applies to all members of the Board and staff, regardless of level of responsibility.

### **POLICY**

#### ***Obligation to Report Allegations***

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

- any questionable accounting (including budgeting and cash management), internal controls, auditing, or potential acts of fraud as they relate to the MSRB (“Allegation”); or
- any violation by a Board member or staff of the applicable Code of Ethics and Business Conduct or other misconduct in connection with MSRB activities.

Examples of Allegations include, without limitation, the following:

- financial fraud or deliberate error in the preparation, evaluation, review or audit of financial statements;
- fraud or deliberate error in the recording and maintaining of records;
- deficiencies or non-compliance with internal controls;
- misrepresentation to or withholding material information from the Board’s auditors; or
- embezzlement of funds.

Examples of other misconduct include, without limitation, other violations of laws or MSRB policies.

All reported concerns or allegations shall be forwarded to the Chair of the Audit and Risk Committee in accordance with the procedures below.

Each Board member and each staff member is required to cooperate with any review or investigation under this Policy.

***Protection of Whistleblowers; Confidentiality***

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. Any Board member or staff member who (i) retaliates against any person who in good faith reported a concern or allegation or took part in or cooperated with an investigation of a concern or allegation or (ii) improperly discloses the identity of any person who reported a concern or allegation shall be subject to discipline up to and including removal from the Board or termination of employment. Reports of concerns or allegations, investigations and the identity of any person reporting an allegation shall be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

A Board member may be removed from the Board for intentionally filing a false report of wrongdoing. Any staff who intentionally files a false report of wrongdoing shall be subject to discipline up to and including termination of employment.

***Responsibility of Audit and Risk Committee***

The Audit and Risk Committee is responsible for the complaint handling process, which includes (1) receipt of concerns or allegations, (2) preliminary analysis and investigation, (3) resolution and reporting of the resolution to the Board and (4) record retention.

**PROCEDURES****1. Reporting/Receipt of Concern or Allegations**

*In any instance in which an allegation is to be reported or forwarded to a person who is personally affected by the allegation, the allegation shall be withheld from that person and provided solely to the other persons as described in this Policy as recipients of allegations; provided that, if the Chair of the Audit and Risk Committee is personally affected by an allegation, the allegation instead should be reported to the Chair of the Board but if the Chair of the Board is personally affected by an allegation, the allegation then should be reported to the Vice Chair of the Board.*

*The word “allegation” hereinafter refers to a concern or allegation, even if “concern” is not explicitly stated.*

While both Board members and staff members may report allegations anonymously through the MSRB Hotline (as detailed below), the manner in which non-anonymous allegations may be reported differ based on whether the allegation is being made by a Board member or a staff member.

**Reporting Through the MSRB Hotline.** To provide a means for Board members or staff members to report allegations anonymously, and in order to receive allegations from persons

other than Board members or staff members (including from the public), the MSRB contracts with a third-party service provider to operate the MSRB Hotline (844) 348-1577. (Anonymity is not required for Hotline reporting, so individuals may provide contact information if they wish to do so.) All allegations received through the Hotline will be forwarded after receipt by the service provider to the MSRB staff member(s) appointed as Intake Personnel (as described below). Contact information for the MSRB Hotline is also posted on the MSRB's intranet, and the Hotline telephone number is posted on the MSRB's website ([msrb.org](http://msrb.org)). (Access to the MSRB Hotline by members of the public may be limited solely to the hotline telephone number, and not web access.) It is important that anonymous complaints be detailed, since anonymity will prevent the MSRB from seeking additional information from the submitter.

Complaints also can be reported directly to the MSRB via email or U.S. mail as explained on the "File a Complaint Against the MSRB" page on the MSRB's website.

**Reporting by Board Members.** Unless reporting an allegation anonymously through the MSRB Hotline, Board members should submit allegations in writing directly to the Chair of the Audit and Risk Committee. The Chair of the Audit and Risk Committee shall promptly notify the Chair of the Board, Chief Executive Officer, Head of Internal Audit and General Counsel in writing of any allegations received initially by the Chair of the Audit and Risk Committee directly from Board members or others and shall provide prompt acknowledgement of receipt of such allegations to the submitter to the extent that contact information was provided.

**Reporting by Staff.** To promote the maximum effectiveness of this Policy and to enable staff members to report allegations in the manner in which they are most comfortable, the MSRB has established a variety of methods by which staff members may report allegations. In addition to the ability to report allegations anonymously through the MSRB Hotline, management has appointed two or more staff members as Intake Personnel to receive allegations from staff members and others. The names of Intake Personnel are posted on the MSRB's intranet. Staff members may at any point report allegations directly to Intake Personnel, the Head of Internal Audit, the Chair of the Audit and Risk Committee or the Chair of the Board. A staff member may consider first discussing the allegation with his or her immediate supervisor, but this is not required. If the staff member is uncomfortable speaking with his or her supervisor or for other reasons determines that a different person is more appropriate, the staff member may consider discussion with the Head of Internal Audit, General Counsel or any other member of senior management, including, without limitation, the Chief Executive Officer. But, again, this is not required.

**Forwarding of Allegations to Intake Personnel.** Intake Personnel are responsible for reducing to writing any allegations received by them (directly or via the MSRB Hotline) and forwarding to the Chair of the Audit and Risk Committee and the Chair of the Board.

The Intake Personnel shall forward (i) Priority Allegations as promptly as practicable following receipt and (ii) all other allegations within fourteen (14) days of receipt.

The Intake Personnel shall provide prompt acknowledgement of receipt of allegations to the submitter to the extent that contact information was provided.

If Intake Personnel receive complaints, which the Intake Personnel believe involve matters that obviously are not covered by this Policy, the Intake Personnel forwards them to the Head of Internal Audit, with a brief explanation of the reason why the Intake Personnel believe them to be out of the scope of this Policy. The Head of Internal Audit, in consultation with the Chair of the Audit and Risk Committee and the General Counsel (when necessary), shall determine whether (i) the complaint is outside the scope of this Policy and, therefore, does not warrant investigation under this Policy or (ii) the complaint is in scope of this Policy. If outside the scope of this Policy, the Head of Internal Audit shall (a) document his/her analysis and conclusion in reasonable detail and maintain such written record as described in the "Recordkeeping" section below and (b) contact other staff members as appropriate to follow up on the matter. If the Head of Internal Audit determines that the complaint is in the scope of this Policy, he/she will notify the Intake Personnel, and the Intake Personnel will proceed with forwarding the complaint as indicated above. Examples of an out-of-scope matter, due to the fact that the scope of this Policy covers MSRB Board member or staff member misconduct, are (i) a complaint alleging misconduct by *an MSRB registrant* or (ii) a report that *a person (who is not a Board member or a staff member)* is writing false checks that purport to be from/signed by the MSRB.

## **2. Preliminary Analysis and Investigation**

The Chair of the Audit and Risk Committee may request that the Head of Internal Audit, in coordination with the General Counsel (when necessary), provide preliminary analysis of the complaint and document such analysis. In doing so, the Head of Internal Audit may determine whether the complaint is wholly frivolous or warrants investigation. The Head of Internal Audit, in coordination with the General Counsel may assess the sensitivity and potential materiality of the complaint, as well as whether it alleges an Allegation, violation(s) of law, violation(s) of policy or other misconduct. Based on his/her assessment of the nature of the complaint, sensitivity and/or potential materiality, the Head of Internal Audit may recommend an investigative approach (as outlined in the following paragraph) to the Chair of the Audit and Risk Committee.

The Audit and Risk Committee is responsible for the oversight of investigation of whistleblower complaints. In connection with its investigation, (i) the Audit and Risk Committee may appoint a subcommittee of the Audit and Risk Committee to investigate or (ii) the Chair of the Audit and Risk Committee may (a) request that the Chair of the Board appoint an Investigative Committee to investigate or (b) request that the Head of Internal Audit investigate in coordination with the General Counsel.

In determining who should investigate an Allegation, consideration should be given to the severity and sensitivity of the allegation, the identity of the alleged wrongdoer, and whether

the alleged wrongdoing materially calls into question the financial statements or materially impacts the financial wellbeing of the MSRB such that the Audit and Risk Committee or an Investigative Committee investigating seems appropriate.

The Chair of the Audit and Risk Committee shall promptly communicate any accounting or financial statement related Allegations to the MSRB's independent financial statement audit firm, and Chief Financial Officer (depending on the nature of the allegation).

All Allegations shall be investigated and appropriate corrective action shall be recommended to the Board or management (as appropriate), if warranted by the results of the investigation. Complaints, investigations and the identity of complainants shall be kept confidential to the extent possible, consistent with the need to conduct a proper investigation. The investigators may consult with any staff member whom they believe has expertise or information to assist in the investigation. In its (their) discretion, the investigator(s) may engage outside auditors, counsel or other experts to assist in the investigation and analysis of results. The investigators shall periodically report on the investigation to the Chair of the Audit and Risk Committee and the Chair of the Board, except to the extent that such individuals are the subject of the investigation (as described in Section 1 above).

A complainant likely will want to know that his/her complaint is being handled appropriately and expeditiously. However, it is important to protect the privacy of those affected and not to prematurely report inaccurate or incomplete information to the complainant, and there may be other considerations with respect to providing status reports. It is the responsibility of the Audit and Risk Committee, in consultation with the Head of Internal Audit and General Counsel, to determine whether to provide status reports to the complainant.

### **3. Resolution of the Complaint and Reporting to the Board**

The investigators shall present their findings and recommendations to the Audit and Risk Committee, which shall determine whether to adopt them, including any corrective action plan. The Audit and Risk Committee shall vote on whether to adopt any such recommendations and/or the corrective action plan. If determined appropriate by it, the Audit and Risk Committee may request that the Head of Internal Audit, in coordination with the General Counsel provide a written report of the status, conclusion and/or corrective action plan to the complainant (if known) and/or to the subject(s) of the investigation. The Head of Internal Audit shall report periodically (or earlier upon request) to the Audit and Risk Committee on the implementation of the corrective action plan until fully implemented.

#### **4. Recordkeeping**

Upon completion of any investigation, the Chair of the Audit and Risk Committee and the investigators shall provide all records of such investigation to the Head of Internal Audit to be maintained in accordance with the MSRB's recordkeeping policy. (For the avoidance of doubt, Committee votes and the transaction of business by the Audit and Risk Committee shall be reflected in its minutes and/or written consents (as is provided for in its charter) and retained pursuant to its normal practices for minutes or written consents.) The Head of Internal Audit shall maintain the records of the matter in a separate file marked as confidential.

#### **DEFINITIONS**

- **Allegation:** A concern or allegation with respect to Questionable accounting (including budgeting and cash management), internal controls, auditing, ethics, integrity or potential acts of fraud, as they relate to the MSRB.
- **Code of Ethics and Business Conduct:** As applicable, (i) the Code of Ethics and Business Conduct for Board members, which is incorporated in the Board's Policies and Procedures, and (ii) the Code of Ethics and Business Conduct for staff.
- **Intake Liaison:** MSRB staff member(s) appointed by management specifically to receive reports of concerns or allegations in accordance with this Policy.
- **Investigative Committee:** A special committee of the Board appointed by the Chair of the Board pursuant to Section 3.2 of the Board's Policies and Procedures to investigate any credible allegation of wrongdoing by management or a Board member.
- **MSRB Hotline:** A phone and web-based reporting system operated by a third-party service provider for reporting of concerns or allegations (on an anonymous basis, if desired) and forwarding of allegations to Intake Personnel.
- **Priority Allegation:** Each Allegation or any other allegation that on its face presents a reasonably certain risk of imminent substantial harm to or interruption in MSRB operations or a serious concern (*e.g.*, criminal activity reasonably certain to result in substantial injury to the financial interests of the MSRB) regarding Board member or staff member misconduct.

**RESPONSIBILITIES**

- **Board members and Staff members**
  - Report any concerns or allegations
  
- **Intake Personnel**
  - Post on MSRB intranet the names of Intake Personnel and Whistleblower Hotline number
  - Ensure the Whistleblower Hotline number is posted on MSRB's website
  - Acknowledge receipt of allegations received by such personnel to the submitter
  - Reduce allegations received by such personnel to writing and forward to the Chair of the Audit and Risk Committee
  
- **Head of Internal Audit**
  - Serve as the main point of contact and recipient of Allegations as well as the conduit for the Chair of Audit and Risk Committee to MSRB staff
  - In coordination with the General Counsel, conduct preliminary analysis and assess complaint, provide a summary report, in writing, on the investigation status, conclusion and/or corrective action plan to person(s) making allegation(s) and/or subjects of the named in allegation
  - Report periodically (or upon request) to the Audit and Risk Committee on the implementation of the corrective action plan until implemented
  - Maintain records of all whistleblower investigations
  
- **Chair of the Audit and Risk Committee**
  - Notify the Chair of the Board, Chief Executive Officer and General Counsel of any allegations directly reported to him/her by Board members or others
  - Acknowledge receipt of allegations received directly by the Chair of the Audit and Risk Committee to the submitter
  - Oversee the investigation of complaints
  - Report all accounting and financial statement related Allegations to the MSRB's independent financial statement audit firm
  
- **Investigative Committee or Subcommittee of the Audit and Risk Committee**
  - Investigate delegated allegations
  - Periodically report to the Chair of the Audit and Risk Committee and Chair of the Board, on the investigation; report findings and make recommendations as to corrective action

- **General Counsel**

- Coordinate with the Intake Liaison on Allegations received
- Provide support to Head of Internal Audit through legal analysis and assessment of compliant and the investigation of complaints

**EXCEPTIONS**

Only the Chair of the Audit and Risk Committee or the Chair of the Board may grant any request for a waiver of this Policy. All individuals should be aware that the MSRB generally will not grant waivers.