

required to be registered and qualified as municipal securities representatives. Furthermore, persons who supervise representatives performing such financial advisory services are required to be registered and qualified as municipal securities principals.

For your information, the provision of financial advisory services to municipal issuers is defined to be a municipal securities representative function in Board rule G-3(a)(iii)(B).^[*] The requirement that persons performing such function be qualified is set forth generally in rules G-2 and G-3, and the specific qualification requirements applicable to such persons are stated in rules G-3(e)^[†] and (i)^[‡]. *MSRB interpretation of June 10, 1982.*

^[*] [Currently codified at rule G-3(a)(i)(B).]

^[†] [Currently codified at rule G-3(a)(ii).]

^[‡] [Currently codified at rule G-3(a)(iii).]

Cold calling. This is in response to your letter regarding the application of rule G-3, concerning professional qualifications, to non-qualified individuals contacting institutional investors. You refer to the Board's December 21, 1984 notice stating that non-qualified individuals making "cold calls" to individuals and introducing the services offered by a municipal securities dealer, prequalifying potential customers or suggesting the purchase of securities must be qualified as a municipal securities representative. You ask whether a non-qualified individual may make a "cold call" to an institutional portfolio manager solely for the purpose of introducing the name of the municipal securities dealer to the portfolio manager and to inquire as to the type of securities in which it invests. You state that the individual or individuals making the calls would be specifically instructed not to discuss the purchase or sale of any specific security.

Board rule G-3(a)(iii)^[*] defines municipal securities representative activities to include any activity which involves communication with public investors regarding the sale of municipal securities but exempts activities that are solely clerical or ministerial. As you noted, in December 1984, the Board issued an interpretation of rule G-3 which states that individuals who solicit new account business are not engaging in clerical or ministerial activities but rather are communicating with public investors regarding the sale of municipal securities and thus are engaging in municipal securities representative activities which require such individuals to be qualified as representatives under the Board's rules. Examples of solicitation of new account business stated in the notice included "cold calls" to individuals during which the non-qualified individual introduces the services offered by the dealers, prequalified potential customers, or suggests the purchase of specific securities currently being offered by a municipal securities dealer. An individual who introduces the name of the municipal securities dealer and inquires as to the type of securities in which a portfolio manager invests would be communicating with the public in an attempt to prequalify

potential customers and thus must be qualified as a municipal securities representative. *MSRB interpretation of January 5, 1987.*

^[*] [Currently codified at rule G-3(a)(i).]

Supervision of data processing functions. I am writing in response to your letter of November 7, 1988 and our subsequent telephone conversation by which you requested an interpretation of the Board's qualification requirements for municipal securities principals. You asked whether an individual, who is presently qualified as a representative, additionally must be qualified as a municipal securities principal because he has oversight and supervisory responsibility for the firm's data processing department.

Board rule G-3(a)(i)^[*] defines a municipal securities principal as a person directly engaged in the management, direction or supervision of one or more enumerated representative activities. Consequently, whether or not this individual must be qualified as a municipal securities principal depends on whether he is supervising such activities, *i.e.*, whether the data processing department employees are functioning as municipal securities representatives.

You state that the data processing department assists this individual by performing the calculations necessary in the structuring of municipal bond issues and underwritings. Moreover, you note that the employees in the data processing department do not communicate with customers, including issuers, in carrying out their duties and that the above financial advisory and underwriting activities are otherwise supervised by a qualified municipal securities principal.

Based upon the facts set forth above, we are of the view that the individual described supervises only clerical or ministerial functions, and he is therefore not a municipal securities principal within the meaning of Board rule G-3. *MSRB interpretation of December 9, 1988.*

^[*] [Currently codified at rule G-3(b)(i).]

See also:

Rule G-1 Interpretive Letter — Portfolio credit analyst, MSRB interpretation of June 8, 1978.

Rule G-2 Interpretive Letter — Execution of infrequent unsolicited orders, MSRB interpretation of October 2, 1998.

Rule G-27 Interpretive Letter — Supervisory structure, MSRB interpretation of March 11, 1987

Rule G-3 Amendment History (since 2003)

[Release No. 34-83483 \(June 20, 2018\), 83 FR 29855 \(June 26, 2018\); MSRB Notice 2018-11 \(June 11, 2018\)](#)

[Release No. 34-80699 \(May 16, 2017\), 82 FR 23394 \(May 22, 2017\); MSRB Notice 2017-10 \(May 17, 2017\)](#)

[Release No. 34-76146 \(October 14, 2015\), 80 FR 63595 \(October 20, 2015\); MSRB Notice 2015-17 \(September 30, 2015\)](#)

[Release No. 34-74384 \(February 26, 2015\), 80 FR 11706 \(March 4, 2015\); MSRB Notice 2015-04 \(March 2, 2015\)](#)

[Release No. 34-73368 \(October 15, 2014\), 79 FR 63001 \(October 21, 2014\); MSRB Notice 2014-17 \(October 17, 2014\)](#)

[Release No. 34-72743 \(August 1, 2014\), 79 FR 46290 \(August 7, 2014\); MSRB Notice 2014-13 \(August 4, 2014\)](#)

[Release No. 34-65679 \(November 3, 2011\), 76 FR 70207 \(November 10, 2011\); MSRB Notice 2011-62 \(November 7, 2011\)](#)

[Release No. 34-50557 \(October 18, 2004\), 69 FR 62311 \(October 25, 2004\); MSRB Notice 2004-34 \(October 25, 2004\)](#)

[Release No. 34-50323 \(September 7, 2004\), 69 FR 55201 \(September 13, 2004\); MSRB Notice 2004-26 \(August 3, 2004\)](#)

Rule G-4

Statutory Disqualifications

(a) Except as otherwise provided in sections (b) and (c) of this rule, no broker, dealer or municipal securities dealer or natural person shall be qualified for purposes of rule G-2 if, by action of a national securities exchange or registered securities association, such broker, dealer or municipal securities dealer has been and is expelled or suspended from membership or participation in such exchange or association, or such natural person has been and is barred or suspended from being associated with a member of such exchange or association:

(i) for violation of any rules of such exchange or association which prohibit any act or transaction constituting conduct inconsistent with just and equitable principles of trade, or which requires any act the omission of which constitutes conduct inconsistent with such just and equitable principles of trade; or

(ii) by reason of any statutory disqualification of the character described in subparagraphs (C), (D), (E) or (F) of section 3(a)(39) of the Act.

(b) A broker, dealer or municipal securities dealer or natural person shall be qualified for purposes of rule G-2, notwithstanding the provisions of paragraph (a)(i) of this rule, if the Commission shall so determine upon application by such broker, dealer or municipal securities dealer or natural person in accordance with such standards and procedures as are set forth in rule 19h-1(d) under the Act with respect to registered brokers and dealers and their associated persons.

(c) Notwithstanding the provisions of paragraph (a)(ii) of this rule, a broker, dealer or municipal securities dealer or natural person shall be qualified for purposes of rule G-2 upon a determination by a registered securities association in the case of one of its members or such member's associated persons, by the Commission in the case of any other broker, dealer or municipal securities dealer (other than a bank dealer) or their associated persons, or by the appropriate regulatory authority in the case of any bank dealer or such bank dealer's associated persons, upon application by such broker, dealer, or municipal securities dealer or natural person.

Rule G-5

Disciplinary Actions by Appropriate Regulatory Agencies; Remedial Notices by Registered Securities Associations

(a) No broker, dealer or municipal securities dealer shall effect any transaction in, or induce or attempt to induce the purchase or sale of, any municipal security in contravention of any effective restrictions imposed upon such broker, dealer or municipal securities dealer by the Commission pursuant to sections 15(b)(4) or (5) or 15B(c)(2) or (3) of the Act or by an appropriate regulatory agency pursuant to section 15B(c)(5) of the Act or by a registered securities association pursuant to rules adopted under section 15A(b)(7) of the Act, and no natural person shall be associated with a broker, dealer or municipal securities dealer in contravention of any effective restrictions imposed upon such person by the Commission pursuant to sections 15(b)(6) or 15B(c)(4) of the Act or by an appropriate regulatory agency pursuant to section 15B(c)(5) of the Act or by a registered securities association pursuant to rules adopted under section 15A(b)(7) of the Act.

(b) No broker, dealer or municipal securities dealer that is a member of a registered securities association shall effect any transaction in, or induce or attempt to induce the purchase or sale of, any municipal security, or otherwise act in contravention of or fail to act in accordance with rules adopted by the association, pertaining to remedial activities of members experiencing financial or operational difficulties, as if such rules were applicable to such broker, dealer or municipal securities dealer.

(c) No municipal advisor shall engage in municipal advisory activities in contravention of any effective restrictions imposed upon such municipal advisor by the Commission pursuant to section 15B(c)(2) or (3) of the Act, and no natural person shall be associated with a municipal advisor in contravention of any effective restrictions imposed upon such person by the Commission pursuant to section 15B(c)(4) of the Act.

Rule G-5 Amendment History (since 2003)

[Release No. 34-63599 \(December 22, 2010\), 75 FR 82199 \(December 29, 2010\); MSRB Notice 2010-59 \(December 23, 2010\)](#)

Rule G-6

Fidelity Bonding Requirements

No broker, dealer or municipal securities dealer that is a member of a registered securities association shall be qualified for purposes of rule G-2 unless such broker, dealer or municipal securities dealer has met the fidelity bonding requirements set forth in the rules of such association, to the same extent as if such rules were applicable to such broker, dealer or municipal securities dealer.

Rule G-7

Information Concerning Associated Persons

(a) No associated person (as hereinafter defined) of a broker, dealer or municipal securities dealer shall be qualified for purposes of Rule G-2 of the Board unless such associated person meets the requirements of this rule. The term “associated person” as used in this rule means (i) a municipal securities principal, (ii) a municipal securities sales principal, (iii) a general securities principal engaging in activities listed in Rule G-27(b)(ii)(C)(3), (iv) a municipal securities representative, (v) a municipal securities sales limited representative, (vi) a limited representative — investment company and variable contracts products, and (vii) a municipal fund securities limited principal.

(b) Every broker, dealer and municipal securities dealer shall obtain from each of its associated persons (as defined in section (a) of this rule), and each associated person shall furnish to the broker, dealer or municipal securities dealer with which such person is or seeks to be associated, a completed Form U4 or similar form prescribed by the Commission or a registered securities association for brokers, dealers and municipal securities dealers other than bank dealers or, in the case of a bank dealer, a completed Form MSD-4 or similar form prescribed by the appropriate regulatory agency for such bank dealer.

(c) To the extent any information on the form furnished by an associated person pursuant to section (b) of this rule is or becomes materially inaccurate or incomplete, such associated person shall furnish in writing to the broker, dealer or municipal securities dealer with which such person is or seeks to be associated a corrected form or a statement correcting such information.

(d) For the purpose of verifying the information furnished by an associated person pursuant to section (b) of this rule, every broker, dealer and municipal securities dealer shall make inquiry of all employers of such associated person during the three years immediately preceding such person’s association with such broker, dealer or municipal securities dealer concerning the accuracy and completeness of such information as well as such person’s record and reputation as related to the person’s ability to perform his or her duties and each such prior employer which is a broker, dealer or municipal securities dealer shall make such information available within ten business days following a request made pursuant to the requirements of this section (d).

(e) Every broker, dealer and municipal securities dealer shall maintain and preserve a copy of the form furnished pursuant to section (b) of this rule, and of any corrected forms or additional statements furnished pursuant to section (c) of this rule, until at least three years after the associated person’s employment or other association with such broker, dealer or municipal securities dealer has terminated.

(f) Every broker, dealer and municipal securities dealer shall maintain and preserve a record of the name and residence address of each associated person, designated by the category of function performed (whether municipal securities principal, municipal securities sales principal, municipal securities representative or financial and operations principal) and indicating whether such person has taken and passed the qualification examination for municipal securities principals, municipal securities sales principals, municipal securities representatives, municipal securities sales limited representatives, municipal fund securities limited principals or financial and operations principals prescribed by the Board or was exempt from the requirement to take and pass such examination, indicating the basis for such exemption, until at least three years after the associated person’s employment or other association with such broker, dealer or municipal securities dealer has terminated.

(g) Every broker, dealer and municipal securities dealer which is a member of a registered securities association shall file with such association, every bank dealer shall file with the appropriate regulatory agency for such bank dealer, and every broker, dealer or municipal securities dealer other than a bank dealer which is not a member of a registered securities association shall file with the Commission, such of the information prescribed by this rule as such association, agency, or the Commission, respectively, shall by rule or regulation require.

(h) Any records required to be maintained and preserved pursuant to this rule shall be preserved in accordance with the requirements of sections (d), (e) and (f) of rule G-9 of the Board.

Rule G-7 Amendment History (since 2003)

[Release No. 34-72743 \(August 1, 2014\), 79 FR 46290 \(August 7, 2014\); MSRB Notice 2014-13 \(August 4, 2014\)](#)

[Release No. 34-65679 \(November 3, 2011\), 76 FR 70207 \(November 10, 2011\); MSRB Notice 2011-62 \(November 7, 2011\)](#)

Rule G-8

Books and Records to be Made by Brokers, Dealers, and Municipal Securities Dealers and Municipal Advisors

(a) *Description of Books and Records Required to be Made.* Except as otherwise specifically indicated in this rule, every broker, dealer and municipal securities dealer shall make and keep current the following books and records, to the extent applicable to the business of such broker, dealer or municipal securities dealer:

(i) *Records of Original Entry.* “Blotters” or other records of original entry containing an itemized daily record of all purchases and sales of municipal securities, all receipts and deliveries of municipal securities (including certificate numbers and, if the securities are in registered form, an indication to such effect), all receipts and disbursement of cash with respect to transactions in municipal securities, all other debits and credits pertaining to transactions in municipal securities, and in the case of brokers, dealers and municipal securities dealers other than bank dealers, all other cash receipts and disbursements if not contained in the records required by any other provision of this rule. The records of original entry shall show the name or other designation of the account for which each such transaction was effected (whether effected for the account of such broker, dealer or municipal securities dealer, the account of a customer, or otherwise), the description of the securities, the aggregate par value of the securities, the dollar price or yield and aggregate purchase or sale price of the securities, accrued interest, the trade date, and the name or other designation of the person from whom purchased or received or to whom sold or delivered. With respect to accrued interest and information relating to “when issued” transactions which may not be available at the time a transaction is effected, entries setting forth such information shall be made promptly as such information becomes available. Dollar price, yield and accrued interest relating to any transaction shall be required to be shown only to the extent required to be included in the confirmation delivered by the broker, dealer or municipal securities dealer in connection with such transaction under rule G-12 or rule G-15.

(ii) *Account Records.* Account records for each customer account and account of such broker, dealer or municipal securities dealer. Such records shall reflect all purchases and sales of municipal securities, all receipts and deliveries of municipal securities, all receipts and disbursements of cash, and all other debits and credits relating to such account. A bank dealer shall not be required to maintain a record of a customer’s bank credit or bank debit balances for purposes of this subparagraph.

(iii) *Securities Records.* Records showing separately for each municipal security all positions (including, in the case of a broker, dealer or municipal securities dealer other than a bank dealer, securities in safekeeping) carried by such broker, dealer or municipal securities dealer for its account or

for the account of a customer (with all “short” trading positions so designated), the location of all such securities long and the offsetting position to all such securities short, and the name or other designation of the account in which each position is carried. Such records shall also show all long security count differences and short count differences classified by the date of physical count and verification on which they were discovered. Such records shall consist of a single record system. With respect to purchases or sales, such records may be posted on either a settlement date basis or a trade date basis, consistent with the manner of posting the records of original entry of such broker, dealer or municipal securities dealer. For purposes of this subparagraph, multiple maturities of the same issue of municipal securities, as well as multiple coupons of the same maturity, may be shown on the same record, provided that adequate secondary records exist to identify separately such maturities and coupons. With respect to securities which are received in and delivered out by such broker, dealer or municipal securities dealer the same day on or before the settlement date, no posting to such records shall be required. Anything herein to the contrary notwithstanding, a non-clearing broker, dealer or municipal securities dealer which effects transactions for the account of customers on a delivery against payment basis may keep the records of location required by this subparagraph in the form of an alphabetical list or lists of securities showing the location of such securities rather than a record of location separately for each security. Anything herein to the contrary notwithstanding, a bank dealer shall maintain records of the location of securities in its own trading account.

(iv) *Subsidiary Records.* Ledgers or other records reflecting the following information:

(A) *Municipal securities in transfer.* With respect to municipal securities which have been sent out for transfer, the description and the aggregate par value of the securities, the name in which registered, the name in which the securities are to be registered, the date sent out for transfer, the address to which sent for transfer, former certificate numbers, the date returned from transfer, and new certificate numbers.

(B) *Municipal securities to be validated.* With respect to municipal securities which have been sent out for validation, the description and the aggregate par value of the securities, the date sent out for validation, the address to which sent for validation, the certificate numbers, and the date returned from validation.

(C) *Municipal securities borrowed or loaned.* With respect to municipal securities borrowed or loaned, the date borrowed or loaned, the name of the person from whom borrowed or to whom loaned, the description and the aggregate par value of the securities borrowed or loaned, the value at which the securities were borrowed or loaned, and the date returned.

(D) *Municipal securities transactions not completed on settlement date.* With respect to municipal securities transactions not completed on the settlement date, the description and the aggregate par value of the securities which are the subject of such transactions, the purchase price (with respect to a purchase transaction not completed on the settlement date), the sale price (with respect to a sale transaction not completed on the settlement date), the name of the customer, broker, dealer or municipal securities dealer from whom delivery is due or to whom delivery is to be made, and the date on which the securities are received or delivered. All municipal securities transactions with brokers, dealers and municipal securities dealers not completed on the settlement date shall be separately identifiable as such. For purposes of this rule, the term “settlement date” means the date upon which delivery of the securities is due in a purchase or sale transaction.

Such records shall be maintained as subsidiary records to the general ledger maintained by such broker, dealer or municipal securities dealer. Anything herein to the contrary notwithstanding, the requirements of this subparagraph will be satisfied if the information described is readily obtainable from other records maintained by such broker, dealer or municipal securities dealer.

(v) *Put Options and Repurchase Agreements.* Records of all options (whether written or oral) to sell municipal securities (*i.e.*, put options) and of all repurchase agreements (whether written or oral) with respect to municipal securities, in which such broker, dealer or municipal securities dealer has any direct or indirect interest or which such broker, dealer or municipal securities dealer has granted or guaranteed, showing the description and aggregate par value of the securities, and the terms and conditions of the option, agreement or guarantee.

(vi) *Records for Agency Transactions.* A memorandum of each agency order and any instructions given or received for the purchase or sale of municipal securities pursuant to such order, showing the terms and conditions of the order and instructions, and any modification thereof, the account for which entered, the date and time of receipt of the order by such broker, dealer or municipal securities dealer, the price at which executed, the date of execution and, to the extent feasible, the time of execution and, if such order is entered pursuant to a power of attorney or on behalf of a joint account, corporation or partnership, the name and address (if other than that of the account) of the person who entered the order. If an agency order is canceled by a customer, such records shall also show the terms, conditions and date of cancellation, and, to the extent feasible, the time of cancellation. Orders entered pursuant to the exercise of discretionary power by such broker, dealer or municipal securities dealer shall be designated as such. For purposes of this subparagraph, the term “agency order” shall mean an order given to a broker, dealer or municipal securities dealer to buy a specific security from another person or to sell

a specific security to another person, in either case without such broker, dealer or municipal securities dealer acquiring ownership of the security. Customer inquiries of a general nature concerning the availability of securities for purchase or opportunities for sale shall not be considered to be orders. For purposes of this subparagraph and subparagraph (vii) below, the term “memorandum” shall mean a trading ticket or other similar record. For purposes of this subparagraph, the term “instructions” shall mean instructions transmitted within an office with respect to the execution of an agency order, including, but not limited to, instructions transmitted from a sales desk to a trading desk.

(vii) *Records for Transactions as Principal.* A memorandum of each transaction in municipal securities (whether purchase or sale) for the account of such broker, dealer or municipal securities dealer, showing the price and date of execution and, to the extent feasible, the time of execution; and in the event such purchase or sale is with a customer, a record of the customer’s order, showing the date and time of receipt, the terms and conditions of the order, and the name or other designation of the account in which it was entered and, if such order is entered pursuant to a power of attorney or on behalf of a joint account, corporation, or partnership, the name and address (if other than that of the account) of the person who entered the order.

(viii) *Records Concerning Primary Offerings.*

(A) For each primary offering for which a syndicate has been formed for the purchase of municipal securities, records shall be maintained by the syndicate manager showing the description and aggregate par value of the securities; the name and percentage of participation of each member of the syndicate; the terms and conditions governing the formation and operation of the syndicate; a statement of all terms and conditions required by the issuer (including, those of any retail order period, if applicable); all orders received for the purchase of the securities from the syndicate and selling group, if any; the information required to be submitted pursuant to Rule G-11(k); all pricing information required to be distributed pursuant to Rule G-11(f); all allotments of securities and the price at which sold; those instances in which the syndicate manager allocated securities in a manner other than in accordance with the priority provisions, including those instances in which the syndicate manager accorded equal or greater priority over other orders to orders by syndicate members for their own accounts or their respective related accounts; and the specific reasons for doing so; the date and amount of any good faith deposit made to the issuer; the date of settlement with the issuer; the date of closing of the account; and a reconciliation of profits and expenses of the account.

(B) For each primary offering for which a syndicate has not been formed for the purchase of municipal securities, records shall be maintained by the sole underwriter showing the description and aggregate par value of the

securities; all terms and conditions required by the issuer (including, those of any retail order period, if applicable); all orders received for the purchase of the securities from the underwriter; the information required to be submitted pursuant to Rule G-11(k); all allotments of securities and the price at which sold; those instances in which the underwriter accorded equal or greater priority over other orders to orders for its own account or its related accounts, and the specific reasons for doing so; the date and amount of any good faith deposit made to the issuer; and the date of settlement with the issuer.

(ix) *Copies of Confirmations, Periodic Statements and Certain Other Notices to Customers.* A copy of all confirmations of purchase or sale of municipal securities, of all periodic written statements disclosing purchases, sales or redemptions of municipal fund securities pursuant to rule G-15(a)(viii), of written disclosures to customers, if any, as required under rule G-15(f)(iii) and, in the case of a broker, dealer or municipal securities dealer other than a bank dealer, of all other notices sent to customers concerning debits and credits to customer accounts or, in the case of a bank dealer, notices of debits and credits for municipal securities, cash and other items with respect to transactions in municipal securities.

(x) *Financial Records.* Every broker, dealer and municipal securities dealer subject to the provisions of rule 15c3-1 under the Act shall make and keep current the books and records described in subparagraphs (a)(2), (a)(4)(iv) and (vi), and (a)(11) of rule 17a-3 under the Act.

(xi) *Customer Account Information.* A record for each customer, other than an institutional account, setting forth the following information to the extent applicable to such customer:

- (A) customer's name and residence or principal business address;
- (B) whether customer is of legal age;
- (C) tax identification or social security number;
- (D) occupation;
- (E) name and address of employer;
- (F) information about the customer obtained pursuant to rule G 19;
- (G) name and address of beneficial owner or owners of such account if other than the customer and transactions are to be confirmed to such owner or owners;
- (H) signature of municipal securities representative, general securities representative or limited representative — investment company and variable contracts products introducing the account and signature of a municipal securities principal, municipal securities sales principal or general securities principal indicating acceptance of the account;

(I) with respect to discretionary accounts, customer's written authorization to exercise discretionary power or authority with respect to the account, written approval of municipal securities principal or municipal securities sales principal who supervises the account, and written approval of municipal securities principal or municipal securities sales principal with respect to each transaction in the account, indicating the time and date of approval;

(J) whether customer is employed by another broker, dealer or municipal securities dealer;

(K) in connection with the hypothecation of the customer's securities, the written authorization of, or the notice provided to, the customer in accordance with Commission rules 8c-1 and 15c2-1; and

(L) with respect to official communications, customer's written authorization, if any, that the customer does not object to the disclosure of its name, security position(s) and contact information to a party identified in G-15(g)(iii)(A)(1) for purposes of transmitting official communications under G-15(g).

(M) *Predispute Arbitration Agreements with Customers.*

(1) Any predispute arbitration clause shall be highlighted and shall be immediately preceded by the following language in outline form:

This agreement contains a predispute arbitration clause. By signing an arbitration agreement the parties agree as follows:

(a) All parties to this agreement are giving up the right to sue each other in court, including the right to a trial by jury, except as provided by the rules of the arbitration forum in which a claim is filed.

(b) Arbitration awards are generally final and binding; a party's ability to have a court reverse or modify an arbitration award is very limited.

(c) The ability of the parties to obtain documents, witness statements and other discovery is generally more limited in arbitration than in court proceedings.

(d) The arbitrators do not have to explain the reason(s) for their award.

(e) The panel of arbitrators will typically include a minority of arbitrators who were or are affiliated with the securities industry.

(f) The rules of some arbitration forums may impose time limits for bringing a claim in arbitration. In some cases, a claim that is ineligible for arbitration may be brought in court.

(g) The rules of the arbitration forum in which the claim is filed, and any amendments thereto, shall be incorporated into this agreement.

(2) (a) In any agreement containing a predispute arbitration agreement, there shall be a highlighted statement immediately preceding any signature line or other place for indicating agreement that states that the agreement contains a predispute arbitration clause. The statement shall also indicate at what page and paragraph the arbitration clause is located.

(b) Within thirty days of signing, a copy of the agreement containing any such clause shall be given to the customer who shall acknowledge receipt thereof on the agreement or on a separate document.

(3) (a) A broker, dealer or municipal securities dealer shall provide a customer with a copy of any predispute arbitration clause or customer agreement executed between the customer and the broker, dealer or municipal securities dealer, or inform the customer that the broker, dealer or municipal securities dealer does not have a copy thereof, within ten business days of receipt of the customer's request. If a customer requests such a copy before the broker, dealer or municipal securities dealer has provided the customer with a copy pursuant to subparagraph (2)(b) above, the broker, dealer or municipal securities dealer must provide a copy to the customer by the earlier date required by this subparagraph (3)(a) or by subparagraph (2)(b) above.

(b) Upon request by a customer, a broker, dealer or municipal securities dealer shall provide the customer with the names of, and information on how to contact or obtain the rules of, all arbitration forums in which a claim may be filed under the agreement.

(4) No predispute arbitration agreement shall include any condition that: (i) limits or contradicts the rules of any self-regulatory organization; (ii) limits the ability of a party to file any claim in arbitration; (iii) limits the ability of a party to file any claim in court permitted to be filed in court under the rules of the forums in which a claim may be filed under the agreement; and (iv) limits the ability of arbitrators to make any award.

(5) If a customer files a complaint in court against a broker, dealer or municipal securities dealer that contains claims that are subject to arbitration pursuant to a predispute arbitration agreement between the broker, dealer or municipal securities dealer and the customer, the broker, dealer or municipal securities dealer may seek to compel arbitration

of the claims that are subject to arbitration. If the broker, dealer or municipal securities dealer seeks to compel arbitration of such claims, the broker, dealer or municipal securities dealer must agree to arbitrate all of the claims contained in the complaint if the customer so requests.

(6) All agreements shall include a statement that "No person shall bring a putative or certified class action to arbitration, nor seek to enforce any predispute arbitration agreement against any person who has initiated in court a putative class action; who is a member of a putative class who has not opted out of the class with respect to any claims encompassed by the putative class action until: (i) the class certification is denied; or (ii) the class is decertified; or (iii) the customer is excluded from the class by the court. Such forbearance to enforce an agreement to arbitrate shall not constitute a waiver of any rights under this agreement except to the extent stated herein."

(7) These provisions of Rule G-8(a)(xi)(M) are effective as of May 1, 2005.

For purposes of this subparagraph, the terms "general securities representative," "general securities principal" and "limited representative — investment company and variable contracts products" shall mean such persons as so defined by the rules of a national securities exchange or registered securities association. For purposes of this subparagraph, the term "institutional account" shall mean the account of (i) a bank, savings and loan association, insurance company, or registered investment company; (ii) an investment adviser registered either with the Commission under Section 203 of the Investment Advisers Act of 1940 or with a state securities commission (or any agency or office performing like functions); or (iii) any other entity (whether a natural person, corporation, partnership, trust, or otherwise) with total assets of at least \$50 million. Anything in this subparagraph to the contrary notwithstanding, every broker, dealer and municipal securities dealer shall maintain a record of the information required by items (A), (C), (F), (H), (I) and (K) of this subparagraph with respect to each customer which is an institutional account.

(xii) *Customer Complaints.* A record of all written complaints of customers, and persons acting on behalf of customers that are received by the broker, dealer or municipal securities dealer. This record must include the complainant's name, address, and account number; the date the complaint was received; the date of the activity that gave rise to the complaint; the name of each associated person of the broker, dealer or municipal securities dealer identified in the complaint; a description of the nature of the complaint; and what action, if any, has been taken by such broker, dealer or municipal securities dealer in connection with each such complaint. In addition, this record must be kept in an electronic format using the complaint product and problem codes set forth in

the Municipal Securities Rulemaking Board Rule G-8 Customer and Municipal Advisory Client Complaint Product and Problem Codes Guide.

The term “written,” for the purposes of this paragraph, shall include electronic correspondence. The term “complaint” shall mean any written statement alleging a grievance involving the activities of the broker, dealer or municipal securities dealer or any associated persons of such broker, dealer or municipal securities dealer with respect to any matter involving a customer’s account.

(xiii) *Records Concerning Disclosures in Connection With Primary Offerings Pursuant to Rule G-32.* A record:

(A) of all documents, notices or written disclosures provided by the broker, dealer or municipal securities dealer to purchasers of offered municipal securities under Rule G-32(a);

(B) if applicable, evidencing compliance with subsection (a)(v) of Rule G-32; and

(C) of all documents, notices and information required to be submitted to the Board by the broker, dealer or municipal securities dealer, in the capacity of underwriter in a primary offering of municipal securities (or, in the event a syndicate or similar account has been formed for the purpose of underwriting the issue, the managing underwriter), under Rule G-32(b), to the extent that any such information is not included in the information submitted through NIIDS (as defined in Rule G-34(a)(ii)(C)(3)(b)) in satisfaction of the requirements of Rule G-32(b) and maintained pursuant to subsection (a)(xxiii) of this rule.

(xiv) *Designation of Persons Responsible for Record-keeping.* A record of all designations of persons responsible for the maintenance and preservation of books and records as required by rule G-27(b)(ii).

(xv) *Records Concerning Delivery of Official Statements, Advance Refunding Documents and Forms G-36(OS) and G-36(ARD) to the Board or its Designee Pursuant to Former Rule G-36.* In connection with each primary offering of municipal securities subject to former Rule G-36 for which a broker, dealer or municipal securities dealer acted as an underwriter (or, in the event a syndicate or similar account has been formed for the purpose of underwriting the issue, the managing underwriter) and was required under the provisions of former Rule G-36 to send to the Board an official statement prior to June 1, 2009, such underwriter shall maintain, to the extent not maintained pursuant to subsection (a)(xiii) of this Rule G-8:

(A) a record of the name, par amount and CUSIP number or numbers for all such primary offerings of municipal securities; the dates that the documents and written information referred to in former Rule G-36 were received from the issuer and were sent to the Board or its designee; the date of delivery of the issue to the un-

derwriters; and, for issues subject to Securities Exchange Act Rule 15c2-12, the date of the final agreement to purchase, offer or sell the municipal securities; and

(B) copies of the Forms G-36(OS) and G-36(ARD) and documents submitted to the Board or its designee along with the certified or registered mail receipt or other record of sending such forms and documents to the Board or its designee.

For purposes of this subsection (a)(xv), the term “former Rule G-36” means Rule G-36 of the Board in effect on May 31, 2009.

(xvi) *Records Concerning Political Contributions and Prohibitions on Municipal Securities Business Pursuant to Rule G-37.* Records reflecting:

(A) a listing of the names, titles, city/county and state of residence of all municipal finance professionals;

(B) a listing of the names, titles, city/county and state of residence of all non-MFP executive officers;

(C) the states in which the broker, dealer or municipal securities dealer is engaging or is seeking to engage in municipal securities business;

(D) a listing of municipal entities with which the broker, dealer or municipal securities dealer has engaged in municipal securities business, along with the type of municipal securities business engaged in, during the current year and separate listings for each of the previous two calendar years;

(E) the contributions, direct or indirect, to officials of a municipal entity and payments, direct or indirect, made to political parties of states and political subdivisions, by the broker, dealer or municipal securities dealer and each political action committee controlled by the broker, dealer or municipal securities dealer for the current year and separate listings for each of the previous two calendar years, which records shall include: (i) the identity of the contributors, (ii) the names and titles (including any city/county/state or other political subdivision) of the recipients of such contributions and payments, and (iii) the amounts and dates of such contributions and payments;

(F) the contributions, direct or indirect, to officials of a municipal entity made by each municipal finance professional, any political action committee controlled by a municipal finance professional, and non-MFP executive officer for the current year, which records shall include: (i) the names, titles, city/county and state of residence of contributors, (ii) the names and titles (including any city/county/state or other political subdivision) of the recipients of such contributions, (iii) the amounts and dates of such contributions; and (iv) whether any such contribution was the subject of an automatic exemption, pursuant to Rule G-37(j), including the amount of the contribution, the date the broker, dealer or municipal securities dealer discovered the contribution, the name of the contributor,

and the date the contributor obtained a return of the contribution; provided, however, that such records need not reflect any contribution made by a municipal finance professional or non-MFP executive officer to officials of a municipal entity for whom such person is entitled to vote if the contributions made by such person, in total, are not in excess of \$250 to any official of a municipal entity, per election. In addition, brokers, dealers and municipal securities dealers shall maintain separate listings for each of the previous two calendar years containing the information required pursuant to this subparagraph (F) for each municipal finance representative and each dealer solicitor as defined in Rule G-37(g)(ii) and for any political action committee controlled by such individuals, and separate listings for the previous six months containing the information required pursuant to this subparagraph (F) for each municipal finance principal, dealer supervisory chain person and dealer executive officer as defined in Rule G-37(g)(ii) and for any political action committee controlled by such individuals and for any non-MFP executive officers;

(G) the payments, direct or indirect, to political parties othe payments, direct or indirect, to political parties of states and political subdivisions made by all municipal finance professionals, any political action committee controlled by a municipal finance professional, and non-MFP executive officers for the current year, which records shall include: (i) the names, titles, city/county and state of residence of contributors, (ii) the names, and titles (including any city/county/state or other political subdivision) of the recipients of such payments and (iii) the amounts and dates of such payments; provided, however, that such records need not reflect those payments made by any municipal finance professional or non-MFP executive officer to a political party of a state or political subdivision in which such persons are entitled to vote if the payments made by such person, in total, are not in excess of \$250 per political party, per year. In addition, brokers, dealers and municipal securities dealers shall maintain separate listings for each of the previous two calendar years containing the information required pursuant to this subparagraph (G) for each municipal finance representative and each dealer solicitor as defined in Rule G-37(g)(ii) and for any political action committee controlled by such individuals, and separate listings for the previous six months containing the information required pursuant to this subparagraph (G) for each municipal finance principal, dealer supervisory chain person and dealer executive officer as defined in Rule G-37(g)(ii) and for any political action committee controlled by such individuals and for any non-MFP executive officers;

(H) the contributions, direct or indirect, to bond ballot campaigns made by the broker, dealer or municipal securities dealer and each political action committee controlled by the broker, dealer or municipal securities

dealer for the current year, which records shall include: (i) the identity of the contributors, (ii) the official name of each bond ballot campaign receiving such contributions, and the jurisdiction (including city/county/state or political subdivision) by or for which municipal securities, if approved, would be issued, (iii) the amounts (which, in the case of in-kind contributions, must include both the value and the nature of the goods or services provided, including any ancillary services provided to, on behalf of, or in furtherance of the bond ballot campaign) and the specific dates of such contributions, (iv) the full name of the municipal entity and full issue description of any primary offering resulting from the bond ballot campaign to which the broker, dealer or municipal securities dealer or political action committee controlled by the broker, dealer or municipal securities dealer has made a contribution and the reportable date of selection on which the broker, dealer or municipal securities dealer was selected to engage in the municipal securities business, and (v) the payments or reimbursements, related to any bond ballot contribution, received by the broker, dealer or municipal securities dealer from any third party that are required to be disclosed under Rule G-37(e)(i)(B), including the amount paid and the name of the third party making such payment; and

(I) the contributions, direct or indirect, to bond ballot cathe contributions, direct or indirect, to bond ballot campaigns made by each municipal finance professional, any political action committee controlled by a municipal finance professional, and non-MFP executive officer for the current year, which records shall include: (i) the names, titles, city/county and state of residence of contributors, (ii) the official name of each bond ballot campaign receiving such contributions, and the jurisdiction (including city/county/state or political subdivision) by or for which municipal securities, if approved, would be issued, (iii) the amounts (which, in the case of in-kind contributions, must include both the value and the nature of the goods or services provided, including any ancillary services provided to, on behalf of, or in furtherance of the bond ballot campaign) and the specific dates of such contributions, (iv) the full name of the municipal entity and full issue description of any primary offering resulting from the bond ballot campaign to which the municipal finance professional, political action committee controlled by the municipal finance professional or non-MFP executive officer has made a contribution required to be disclosed under Rule G-37(e)(i)(B), or to which a contribution has been made by a municipal finance professional or a non-MFP executive officer during the period beginning two years prior to such individual becoming a municipal finance professional or a non-MFP executive officer that would have been required to be disclosed if such individual had been a municipal finance professional or a non-MFP executive officer at the time of such contribution and the reportable date of selection