

redemption date and price and shall provide to the Board or its designee the following information on the issue or issues to be refunded:

(1) the previously assigned CUSIP number of each such part or issue;

(2) for each such CUSIP number, the redemption dates and prices, to be established by the refunding;

(3) for each such redemption date and price, a designation of the portion of such part or issue (e.g., the designation of use of proceeds, series, or certificate numbers) to which such redemption date and price applies.

The underwriter also shall provide documentation supporting the information provided pursuant to the requirements of this subparagraph (D).

(E) The underwriter, prior to the delivery of a new issue of municipal securities to any other person, shall affix to, or arrange to have affixed to, the securities certificates of such new issue the CUSIP number assigned to such new issue. If more than one CUSIP number is assigned to the new issue, each such number shall be affixed to the securities certificates of that part of the issue to which such number relates.

(F) A broker, dealer or municipal securities dealer acting as an underwriter of a new issue of municipal securities, or a municipal advisor advising the issuer with respect to a competitive sale of a new issue, which is being purchased directly by a bank, any entity directly or indirectly controlled by the bank or under common control with the bank, other than a broker, dealer or municipal securities dealer registered under the Securities Exchange Act of 1934, or a consortium of such entities; or by a municipal entity with funds that are, at least in part, proceeds of, or fully or partially secure or pay, the purchasing entity's issue of municipal obligations (e.g., state revolving fund or bond bank), may elect not to apply for assignment of a CUSIP number or numbers if the underwriter or municipal advisor reasonably believes (e.g., by obtaining a written representation) that the present intent of the purchasing entity or entities is to hold the municipal securities to maturity or earlier redemption or mandatory tender.

(ii) *Application for Depository Eligibility and Dissemination of New Issue Information.* Each underwriter shall carry out the following functions:

(A) Except as otherwise provided in this paragraph (ii)(A) and section (d), the underwriter shall apply to a securities depository registered with the Securities and Exchange Commission, in accordance with the rules and procedures of such depository, to make such new issue depository-eligible. The application required by this paragraph (ii)(A) shall be made as promptly as pos-

sible, but in no event later than one business day after award from the issuer (in the case of a competitive sale) or one business day after the execution of the contract to purchase the securities from the issuer (in the case of a negotiated sale). In the event that the full documentation and information required to establish depository eligibility is not available at the time the initial application is submitted to the depository, the underwriter shall forward such documentation as soon as it is available; provided, however, this paragraph (ii)(A) of this rule shall not apply to:

(1) an issue of municipal securities that fails to meet the criteria for depository eligibility at all depositories that accept municipal securities for deposit; or

(2) any new issue maturing in 60 days or less; or

(3) a new issue of municipal securities purchased directly by a bank, any entity directly or indirectly controlled by the bank or under common control with the bank, other than a broker, dealer or municipal securities dealer registered under the Securities Exchange Act of 1934, or a consortium of such entities; or by a municipal entity with funds that are, at least in part, proceeds of, or fully or partially secure or pay, the purchasing entity's issue of municipal obligations (e.g., state revolving fund or bond bank), from an issuer in which an underwriter reasonably believes (e.g., by obtaining a written representation) that the present intent of the purchasing entity or entities is to hold the municipal securities to maturity or earlier redemption or mandatory tender.

(B) Prior to acting as underwriter for a new issue of municipal securities eligible for submission to NIIDS:

(1) each broker, dealer or municipal securities dealer must register to use NIIDS with DTCC and shall test its capability to use NIIDS by successfully submitting two test new issues using the NIIDS Web Interface; and

(2) each broker, dealer or municipal securities dealer that plans to establish computer-to-computer connections with NIIDS (either directly or through a vendor) shall test its capability to use NIIDS by successfully submitting two test new issues using computer-to-computer connections.

(C) The underwriter of a new issue of municipal securities, which has been made depository eligible pursuant to paragraph (ii)(A) above, shall communicate information about the new issue in accordance with the requirements of this paragraph (a)(ii)(C) to ensure that other brokers, dealers and municipal securities dealers have timely access to information necessary to report, compare, confirm, and settle transactions in the new issue and to ensure that registered securities clearing agencies

receive information necessary to provide comparison, clearance and depository services for the new issue; provided, however, that this paragraph (a)(ii)(C) shall not apply to commercial paper.

(1) The underwriter shall ensure that the following information is submitted to NIIDS in the manner described in the written procedures for system users and that changes or corrections to submitted information are made as soon as possible:

(a) the time of formal award.

(i) For purposes of this paragraph (a)(ii)(C), the “time of formal award” means:

(A) for competitive issues, the later of the time the issuer announces the award or the time the issuer notifies the underwriter of the award, and

(B) for negotiated issues, the later of the time the contract to purchase the securities from the issuer is executed or the time the issuer notifies the underwriter of its execution.

(ii) If the underwriter and issuer have agreed in advance on a time of formal award, that time may be submitted to NIIDS in advance of the actual time of formal award.

(b) the time of first execution.

(i) For purposes of this paragraph (a)(ii)(C), the “time of first execution” means the time the underwriter plans to execute its first transactions in the new issue.

(ii) The underwriter shall designate a time of first execution that is:

(A) for new issues consisting of variable rate instruments for which transactions occurring on the first day of trading are expected to settle on a same-day or next-day basis, any time after all information required by paragraph (a)(ii)(C) has been transmitted to NIIDS; or

(B) for all other new issues, no less than two business hours after all information required by paragraph (a)(ii)(C) has been transmitted to NIIDS; provided that the time of first execution may be designated as 9:00 A.M. Eastern Time or later on the RTRS business day following the day on which all information required by paragraph (a)

(ii)(C) has been transmitted to NIIDS without regard to whether two business hours have elapsed.

(c) All other information identified as required for “Trade Eligibility” in NIIDS.

(2) The underwriter shall ensure that all information identified in this paragraph (a)(ii)(C) is transmitted to NIIDS no later than two business hours after the time of formal award. For purposes of this paragraph (a)(ii)(C):

(a) “business hours” shall include only the hours from 9:00 A.M. to 5:00 P.M. Eastern Time on an RTRS business day.

(b) “RTRS business day” shall have the meaning set forth in Rule G-14 RTRS Procedures subsection (d)(ii).

(3) For purposes of paragraphs (B) and (C) of this subsection (a)(ii):

(a) “DTCC” means The Depository Trust and Clearing Corporation, a securities clearing agency registered with the Commission providing depository services for municipal securities.

(b) “NIIDS” means the New Issue Information Dissemination Service, an automated, electronic system operated by DTCC as part of its underwriting eligibility request platform, UW Source, that receives comprehensive new issue information for municipal securities on a market-wide basis for the purposes of establishing depository eligibility and immediately re-disseminating such information to information vendors supplying formatted municipal securities information for use in automated trade processing systems.

(D) The underwriter of any new issue of municipal securities consisting of commercial paper shall, as promptly as possible, announce each item of information listed below in a manner reasonably designed to reach market participants that may trade the new issue. All information shall be announced no later than the time of the first execution of a transaction in the new issue by the underwriter.

(1) the CUSIP number or numbers assigned to the issue and descriptive information sufficient to identify the CUSIP number corresponding to each part of the issue assigned a specific CUSIP number; and

(2) the time of formal award as defined in subparagraph (a)(ii)(C)(1)(a).

(E) For any new issue of municipal securities eligible for comparison through the automated comparison facilities of a registered clearing agency under section (f)

of rule G-12, the underwriter shall provide the registered securities clearing agency responsible for comparing when, as and if issued transactions with:

(1) final interest rate maturity information about the new issue as soon as it is available; and

(2) the settlement date of the new issue as soon as it is known and shall immediately inform the registered clearing agency of any changes in such settlement date.

(iii) *Underwriting Syndicate*. In the event a syndicate or similar account has been formed for the purchase of a new issue of municipal securities, the managing underwriter shall take the actions required of the underwriter under the provisions of this section (a).

(iv) *Limited Use of NRO Designation*. From and after the time of initial award of a new issue of municipal securities, a broker, dealer or municipal securities dealer may not use the term “not reoffered” or other comparable term or designation without also including the applicable price or yield information about the securities in any of its written communications, electronic or otherwise, sent by it or on its behalf. For purposes of this subsection (iv), the “time of initial award” means the earlier of (A) the time of formal award as defined in subparagraph (a)(ii)(C)(1)(a), or (B) if applicable, the time at which the issuer initially accepts the terms of a new issue of municipal securities subject to subsequent formal award.

(b) *Secondary Market Securities*.

(i) Each broker, dealer, or municipal securities dealer that, in connection with a sale or an offering for sale of part of a maturity of an issue of municipal securities, acquires or arranges for the acquisition of a transferable instrument applicable to such part which alters the security or source of payment of such part shall apply in writing to the Board or its designee for the assignment of a CUSIP number to designate the part of the maturity of the issue which is the subject of the instrument when traded with the instrument attached. Such instruments shall include (A) insurance with respect to the payment of debt service on such portion, (B) a put option or tender option, (C) a letter of credit or guarantee, or (D) any other similar device. This paragraph (i) shall not apply with respect to any part of an outstanding maturity of an issue of municipal securities with respect to which a CUSIP number that is applicable to such part when traded with an instrument which alters the security or source of payment of such part has already been assigned.

(ii) Each broker, dealer or municipal securities dealer, in connection with a sale or an offering for sale of part of a maturity of an issue of municipal securities which is assigned a CUSIP number that no longer designates securities identical with respect to all features of the issue listed in items (a) through (h) of subparagraph (a)(i)(A)(4) of this rule, shall apply in writing to the Board or its designee for a new CUSIP

number or numbers to designate the part or parts of the maturity which are identical with respect to items (a) through (h) of subparagraph (a)(i)(A)(4).

(iii) The broker, dealer or municipal securities dealer shall make the application required under this section (b) as promptly as possible, and shall provide to the Board or its designee:

(A) the previously assigned CUSIP number;

(B) all information on the features of the maturity of the issue listed in items (a) through (h) of subparagraph (a)(i)(A)(4) of this rule and documentation of the features of such maturity sufficient to evidence the basis for CUSIP number assignment; and,

(C) if the application is based on an instrument affecting the source of payment or security for a part of a maturity of an issue, information on the nature of the instrument, including the name of any party obligated with respect to debt service under the terms of such instrument and documentation sufficient to evidence the nature of the instrument.

(c) *Variable Rate Security Market Information*.

(i) Auction Rate Securities.

(A) Auction Rate Securities Data.

(1) Each broker, dealer or municipal securities dealer that submits an order directly to an Auction Agent for its own account or on behalf of another account to buy, hold or sell an Auction Rate Security through the auction process (“program dealer”) shall report, or ensure the reporting of, the following information about the auction rate security and concerning the results of the auction to the Board:

(a) CUSIP number;

(b) Interest rate produced by the auction process and designation of whether the interest rate is a maximum rate, all hold rate, or rate set by auction;

(c) Identity of all program dealers that submitted orders, including but not limited to hold orders;

(d) Date and time of the auction;

(e) Length of time, in days, that the interest rate produced by the auction process is applicable;

(f) Minimum denomination;

(g) Minimum and maximum rates, if any, applicable at the time of the auction or, if not calculable as of the time of auction, indication that such rate or rates are not calculable.

- (h) Date and time the interest rate determined as a result of the auction process was communicated to program dealers;
- (i) Aggregate par amount of orders to sell at any interest rate and aggregate par amount of such orders that were executed;
- (j) Interest rate(s) and aggregate par amount(s) of orders to hold at a specific interest rate and aggregate par amount of such orders that were successfully held;
- (k) Interest rate(s) and aggregate par amount(s) of orders to buy and aggregate par amount of such orders that were executed;
- (l) Interest rate(s), aggregate par amount(s), and type of order — either buy, sell or hold — for a program dealer for its own account and aggregate par amounts of such orders, by type, that were executed; and
- (m) Interest rate(s), aggregate par amount(s), and type of order — either buy, sell or hold — for an issuer or conduit borrower for such auction rate security.
- (2) Information identified in paragraph (c)(i)(A) shall be provided to the Board by no later than 6:30 P.M. Eastern Time on the date on which an auction occurs if such date is an RTRS business day as defined in Rule G-14 RTRS Procedures subsection (d)(ii). In the event that any item of information identified in subparagraph (c)(i)(A)(1) is not available by the deadline in this subparagraph (c)(i)(A)(2), such item shall be provided to the Board as soon as it is available. In the event that an auction occurs on a non-RTRS business day, the information identified in subparagraph (c)(i)(A)(1) shall be reported by no later than 6:30 P.M. Eastern Time on the next RTRS business day.
- (3) A program dealer may designate an agent to report the information identified in subparagraph (c)(i)(A)(1) to the Board, provided that an auction agent may submit information on behalf of a program dealer absent such designation by the program dealer. The failure of a designated agent to comply with any requirement of this subsection (c)(i) shall be considered a failure by such program dealer to so comply; provided that if an auction agent has, within the time periods required under subparagraph (c)(i)(A)(2), reported the information required under subparagraph (c)(i)(A)(1), the program dealer may rely on the accuracy of such information if the program dealer makes a good faith and reasonable effort to cause the auction agent to correct any inaccuracies known to the program dealer.

(4) For Auction Rate Securities in which there are multiple program dealers, each program dealer must only report for items (i) through (m) of the items of information identified in subparagraph (c)(i)(A)(1) information reflective of the program dealer's involvement in the auction. A designated agent as described in subparagraph (c)(i)(A)(3) reporting results of an auction on behalf of multiple program dealers must report for items (i) through (m) of the items information identified in subparagraph (c)(i)(A)(1) information reflective of the aggregate of all such program dealers' involvement in the auction for which the designated agent is making a report. A program dealer may rely on the reporting of information by an auction agent as provided in subparagraph (c)(i)(A)(3) if the auction agent has undertaken to report, and the program dealer does not have reason to believe that the auction agent is not accurately reporting, all items of information identified in subparagraph (c)(i)(A)(1), to the extent applicable, for an auction that is reflective of all program dealers that were involved in the auction.

(5) Information reported to the Board pursuant to this subsection (c)(i) shall be submitted in the manner described in the written procedures for SHORT system users and changes to submitted information must be made as soon as possible.

(6) Every broker, dealer or municipal securities dealer that submits an order to a program dealer on behalf of an issuer or conduit borrower for such auction rate securities shall disclose at the time of the submission of such order that the order is on behalf of an issuer or conduit borrower for such auction rate securities.

(B) Auction Rate Securities Documents.

(1) Each program dealer shall submit to the Board current documents setting forth auction procedures and interest rate setting mechanisms associated with an outstanding auction rate security for which it acts as a program dealer by no later than September 22, 2011 and shall submit to the Board any future, subsequently amended or new versions of such documents no later than five business days after they are made available to the program dealer.

(2) All submissions of documents required under subparagraph (c)(i)(B)(1) shall be made by electronic submissions to the SHORT system in a designated electronic format (as defined in Rule G-32) at such time and in such manner as specified herein and in the SHORT System Users Manual.

(ii) Variable Rate Demand Obligations.

(A) Variable Rate Demand Obligations Data.

(1) Each remarketing agent for a variable rate demand obligation shall report the following information to the Board about the variable rate demand obligation applicable at the time of and concerning the results of an interest rate reset:

- (a) CUSIP number;
- (b) Interest rate and designation of whether the interest rate is a maximum rate, set by formula or set by the remarketing agent;
- (c) Identity of the remarketing agent;
- (d) Date and time of the interest rate reset;
- (e) Effective date and length of time, in days, that the interest rate is applicable;
- (f) Minimum denomination;
- (g) Length of Notification Period;
- (h) Minimum and maximum rates, if any, applicable at time of the interest rate reset or, if not calculable as of the time of interest rate reset, indication that such rate or rates are not calculable;
- (i) Identity of liquidity provider, type and expiration date of each liquidity facility applicable to the variable rate demand obligation;
- (j) Identity of the agent of the issuer to which bondholders may tender their security (“tender agent”); and
- (k) Aggregate par amount, if any, of the variable rate demand obligation held by a liquidity provider(s) (par amount held as “bank bonds”), and aggregate par amount, if any, of the variable rate demand obligation held by parties other than a liquidity provider(s), including the par amounts held by the remarketing agent and by investors.

(2) Information identified in subparagraph (c)(ii)(A)(1) shall be provided to the Board by no later than 6:30 P.M. Eastern Time on the date on which an interest rate reset occurs if such date is an RTRS business day as defined in Rule G-14 RTRS Procedures subsection (d)(ii). In the event that any item of information identified in subparagraph (c)(ii)(A)(1) is not available by the deadline in this subparagraph (c)(ii)(A)(2), such item shall be provided to the Board as soon as it is available provided that items (i) through (k) of the information identified in subparagraph (c)(ii)(A)(1) shall reflect the information available to the remarketing agent as of the date and time of the interest rate reset. In the event that an interest rate reset occurs on a non-RTRS business day, the information identified in subparagraph (c)(ii)(A)(1) shall be reported by no later than 6:30 P.M. Eastern Time on the next RTRS business day.

(3) A remarketing agent may designate an agent to report the information identified in subparagraph (c)(ii)(A)(1) to the Board. The failure of a designated agent to comply with any requirement of this paragraph (c)(ii) shall be considered a failure by such remarketing agent to so comply.

(4) Information reported to the Board pursuant to this subsection (c)(ii) shall be submitted in the manner described in the written procedures for SHORT system users and changes to submitted information must be made as soon as possible.

(B) Variable Rate Demand Obligations Documents.

(1) Each remarketing agent shall use best efforts to obtain and shall submit to the SHORT system the current versions of the following documents detailing provisions of liquidity facilities associated with the variable rate demand obligation for which it acts as a remarketing agent by no later than September 22, 2011 and shall submit to the SHORT system any future, subsequently amended or new versions of such documents no later than five business days after they are made available to the remarketing agent:

- (a) Stand-by bond purchase agreement;
- (b) Letter of credit agreement; and
- (c) any other document that establishes an obligation to provide liquidity.

(2) All submissions of documents required under this rule shall be made by electronic submissions to the SHORT system in a designated electronic format (as defined in Rule G-32) at such time and in such manner as specified herein and in the SHORT System Users Manual.

(3) In the event that a document described in subparagraph (c)(ii)(B)(1) is not able to be obtained through the best efforts of the remarketing agent, the remarketing agent shall submit notice to the SHORT system that such document will not be provided at such times as specified herein and in the SHORT System Users Manual.

(d) *Exemptions.* The provisions of this rule shall not apply to an issue of municipal securities (or for the purpose of section (b) any part of an outstanding maturity of an issue) which (i) does not meet the eligibility criteria for CUSIP number assignment or (ii) consists entirely of municipal fund securities.

(e) *Definitions.* For purposes of this rule, the following terms have the following meanings:

(i) The term “auction agent” shall mean the agent responsible for conducting the auction process for auction rate securities on behalf of the issuer or other obligated person with respect to such securities and that receives orders from brokers, dealers and municipal securities dealers.

(ii) The term “auction rate security” shall mean municipal securities in which the interest rate resets on a periodic basis under an auction process conducted by an auction agent.

(iii) The term “notification period” shall mean the specified advance notice period during which an investor in a variable rate demand obligation has the option to put the issue back to the trustee, tender agent or other agent of the issuer or obligated person.

(iv) The term “program dealer” shall mean each broker, dealer or municipal securities dealer that submits an order directly to an auction agent for its own account or on behalf of another account to buy, hold or sell an auction rate security through the auction process.

(v) The term “remarketing agent” shall mean, with respect to variable rate demand obligations, the broker, dealer or municipal securities dealer responsible for reselling to new investors securities that have been tendered for purchase by a holder.

(vi) The term “SHORT system” shall mean the Short-term Obligation Rate Transparency System, a facility operated by the Board for the collection and public dissemination of information and documents about securities bearing interest at short-term rates.

(vii) The term “underwriter” shall mean an underwriter as defined in Securities Exchange Act Rule 15c2-12(f)(8) and includes a dealer acting as a placement agent.

(viii) The term “variable rate demand obligation” shall mean securities in which the interest rate resets on a periodic basis with a frequency of up to and including every nine months, where an investor has the option to put the issue back to the trustee, tender agent or other agent of the issuer or obligated person at any time, typically within a notification period, and a broker, dealer or municipal securities dealer acts as a remarketing agent responsible for reselling to new investors securities that have been tendered for purchase by a holder.

Rule G-34 Interpretations

Notice Concerning CUSIP Numbers for Callable Multi-Series GOs: Rule G-34

November 13, 1989

Rule G-34 requires underwriters and dealers participating in the placement of a new issue of municipal securities to ensure that an application is made for CUSIP numbers for the new issue.¹ The CUSIP Service Bureau assigns CUSIP numbers to reflect the differences in securities that are relevant to trading and investment decisions.² In addition, Board rules G-12 and G-15 require that CUSIP numbers appear on confirmations of transactions and that the securities delivered on those transactions match the CUSIP numbers appearing on the confirmations.³

Recently, certain questions have arisen about the proper method for assignment of CUSIP numbers to certain general obligation securities that have been issued in multiple series. In these issues, the issuer uses the proceeds from each series to fund a separate project, but the project itself offers bondholders no additional security for payment beyond that provided by the full faith and credit of the issuer. Securities within multiple series may be identical with respect to dated date, maturity, security and source of payment. However, an individual series may be called, in whole or part, at the option of the issuer, based on the series designation. In addition, the securities are subject to certain mandatory redemption features, which are exercisable by series and which are dependent upon the status of the project funded by the series.

Underwriters have encountered confusion as to whether each series within these issues should be assigned separate CUSIP numbers or whether the CUSIP number assignment for the issues should ignore the series designation. The Board wishes to clarify that, because of the possibility that the securities will be subject to early redemption by series designation, separate CUSIP numbers for each series are required.

The Board previously has indicated that a designation of multiple “purposes” for general obligation debt does not require separate CUSIP numbers for each purpose if the securities otherwise are identical.⁴ Accordingly, there are a number of outstanding multi-series general obligation issues which are assigned one CUSIP number for each maturity and which are traded, cleared, and settled without regard to series designation. While the Board does not wish to change this general rule, it believes that separate CUSIP number assignment is required for those multi-series issues which can be called by series. The Board notes that the probability of a partial or “in-whole” redemption of a series has the potential to become a significant factor to investors and that it therefore is necessary to preserve distinctions among the various series when trading, clearing and settling these securities.

The Board has consulted with the CUSIP Service Bureau in this matter and the Service Bureau has agreed to assign separate CUSIP numbers to multi-series general obligation issues which can be called by series. Dealers serving as underwriters for these issues therefore should not request the Service Bureau to ignore the series designation when assigning numbers to these issues.

¹ The rule applies to all issues eligible for CUSIP number assignment. This includes nearly all new issue securities over three months in maturity.

² CUSIP numbers are assigned to municipal issues by their issuer title, dated date, interest rate, and maturity date. Municipal securities which are identical as to these four elements are assigned different numbers if there is a further distinction between the securities involving any of the following:

- (1) the call features (*i.e.*, whether or not securities are callable, date or terms of call feature, etc.);
- (2) any limitation of the pledge on a general obligation bond (*e.g.*, limited tax versus full faith and credit);
- (3) any distinction in the secondary security or the source of payment of a revenue bond;

(4) the identity of any entity, besides the issuer, obligated on the debt service of the securities (*e.g.*, two pollution control revenue bonds secured by different corporate obligors); and

(5) any distinction in the secondary security or the source of payment of a general obligation bond.

³ Certain exceptions to these rules exist for securities which have not been assigned CUSIP numbers and instances in which the CUSIP number on a confirmation and the CUSIP number assigned to securities differ only because of a transposition or transcription error.

⁴ See *MSRB Reports* Vol. 2, No. 1, (January 1982), p. 3. Of course, if specific portions of a general obligation issue are additionally backed by the revenues from various issuer activity or proceeds from various projects (so-called “double-barreled” issues), separate CUSIP numbers are required to reflect these distinctions.

See also:

Rule G-32 Interpretation — Notice Regarding Electronic Delivery and Receipt of Information by Brokers, Dealers and Municipal Securities Dealers, November 20, 1998.

Interpretive Letter

See:

Rule G-15 Interpretive Letter — Securities description: revenue securities, *MSRB interpretation of December 1, 1982*.

Rule G-34 Amendment History (since 2003)

[Release No. 34-82321 \(December 14, 2017\), 82 FR 60433 \(December 20, 2017\); MSRB Notice 2017-25 \(December 15, 2017\)](#)

[Release No. 34-68472 \(December 19, 2012\), 77 FR 76146 \(December 26, 2012\); MSRB Notice 2012-64 \(December 24, 2012\)](#)

[Release No. 34-67908 \(September 21, 2012, 77 FR 59427 \(September 27, 2012\); MSRB Notice 2012-48 \(September 24, 2012\)](#)

[Release No. 34-62755 \(August 20, 2010\), 75 FR 52793 \(August 27, 2010\); MSRB Notice 2010-31 \(August 26, 2010\)](#)

[Release No. 34-59212 \(January 7, 2009\), 74 FR 1741 \(January 13, 2009\); MSRB Notice 2009-04 \(January 9, 2009\)](#)

[Release No. 34-58016 \(June 25, 2008\), 73 FR 37518 \(July 1, 2008\); MSRB Notice 2008-28 \(June 27, 2008\)](#)

[Release No. 34-57750 \(May 1, 2008\), 73 FR 25815 \(May 7, 2008\); MSRB Notice 2008-22 \(May 2, 2008\)](#)

[Release No. 34-51000 \(January 7, 2005\), 70 FR 2684 \(January 14, 2005\); MSRB Notice 2005-03 \(January 12, 2005\)](#)

Rule G-35

Arbitration

Arbitration Involving Bank Dealers.

As of January 1, 1998, every bank dealer (as defined in rule D-8) shall be subject to the Financial Industry Regulatory Authority's (FINRA) Code of Arbitration Procedure for Customer Disputes and Code of Arbitration Procedure for Industry Disputes, as appropriate, for every claim, dispute or controversy arising out of or in connection with the municipal securities activities of the bank dealer acting in its capacity as such. For purposes of this rule, each bank dealer shall be subject to, and shall abide by, FINRA's Code of Arbitration Procedure for Customer Disputes and Code of Arbitration Procedure for Industry Disputes, as appropriate, including any amendments thereto, as if the bank dealer were a "member" of FINRA.

Rule G-35 Interpretation

See:

Rule G-17 Interpretation — Notice of Interpretation Requiring Dealers to Submit to Arbitration as a Matter of Fair Dealing, March 6, 1987.

Rule G-35 Amendment History (since 2003)

[Release No. 34-85699 \(April 22, 2019\)](#), [84 FR 17897 \(April 26, 2019\)](#); [MSRB Notice 2019-11 \(April 10, 2019\)](#)

Rule G-36
RESERVED

Rule G-37

Political Contributions and Prohibitions on Municipal Securities Business and Municipal Advisory Business

(a) *Purpose.* The purpose and intent of this rule are to ensure that the high standards and integrity of the municipal securities market are maintained, to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to perfect a free and open market and to protect investors, municipal entities, obligated persons and the public interest by:

(i) prohibiting brokers, dealers and municipal securities dealers (collectively, “dealers”) from engaging in municipal securities business and municipal advisors from engaging in municipal advisory business with municipal entities if certain political contributions have been made to officials of such municipal entities; and

(ii) requiring dealers and municipal advisors to disclose certain political contributions, as well as other information, to allow public scrutiny of such political contributions, the municipal securities business of dealers and the municipal advisory business of municipal advisors.

(b) *Ban on Municipal Securities Business or Municipal Advisory Business; Excluded Contributions.*

(i) *Two-Year Ban.*

(A) *Brokers, Dealers and Municipal Securities Dealers.* No dealer shall engage in municipal securities business with a municipal entity within two years after a contribution to an official of such municipal entity with dealer selection influence, as defined in paragraph (g)(xvi)(A) of this rule, made by the dealer; a municipal finance professional of the dealer; or a political action committee controlled by either the dealer or a municipal finance professional of the dealer.

(B) *Municipal Advisors.* No municipal advisor (excluding a municipal advisor third-party solicitor) shall 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, as defined in paragraph (g)(xvi)(B) of this rule, made by the municipal advisor; a municipal advisor professional of the municipal advisor; or a political action committee controlled by either the municipal advisor or a municipal advisor professional of the municipal advisor.

(C) *Municipal Advisor Third-Party Solicitors.*

(1) *Municipal Advisor Third-Party Solicitors.* No municipal advisor third-party solicitor shall engage in municipal advisory business with a municipal entity within two years after a contribution to an official of such municipal entity with dealer selection influence, municipal advisor selection influence or investment adviser selection influence, as defined in paragraph (g)(xvi)(A), (B) or (C) of this rule, as

applicable, made by the municipal advisor third-party solicitor; a municipal advisor professional of the municipal advisor third-party solicitor; or a political action committee controlled by either the municipal advisor third-party solicitor or a municipal advisor professional of the municipal advisor third-party solicitor.

(2) *Regulated Entity Clients of a Municipal Advisor Third-Party Solicitor.* If a contribution is made by a municipal advisor third-party solicitor; a municipal advisor professional of the municipal advisor third-party solicitor; or a political action committee controlled by either the municipal advisor third-party solicitor or a municipal advisor professional of the municipal advisor third-party solicitor, the following shall apply.

(a) In the case of an engagement of the municipal advisor third-party solicitor by a dealer to solicit a municipal entity on behalf of the dealer, if the contribution is made to an official of a municipal entity with dealer selection influence, the prohibition on municipal securities business in paragraph (b)(i)(A) of this rule shall apply to the retaining dealer for two years following the contribution.

(b) In the case of an engagement of the municipal advisor third-party solicitor by a municipal advisor to solicit a municipal entity on behalf of the municipal advisor, if the contribution is made to an official of a municipal entity with municipal advisor selection influence, the prohibition on municipal advisory business in paragraph (b)(i)(B) of this rule shall apply to the retaining municipal advisor for two years following the contribution.

(D) *Cross-Bans for Dealer-Municipal Advisors.* In the case of a regulated entity that is both a dealer and a municipal advisor (a “dealer-municipal advisor”), the prohibition on municipal securities business in subsection (b)(i) of this rule shall also apply in the case of a contribution to an official of a municipal entity with dealer selection influence by a municipal advisor professional of the dealer-municipal advisor or a political action committee controlled by a municipal advisor professional of the dealer-municipal advisor; and the prohibition on municipal advisory business in subsection (b)(i) of this rule shall also apply in the case of a contribution to an official of a municipal entity with municipal advisor selection influence by a municipal finance professional of the dealer-municipal advisor or a political action committee controlled by a municipal finance professional of the dealer-municipal advisor.

(E) *Orderly Transition Period.* A dealer or municipal advisor that is engaging in municipal securities business or municipal advisory business with a municipal entity and during the period of the engagement becomes subject to a prohibition under subsection (b)(i) of this rule may, notwithstanding such prohibition, continue to engage in the municipal securities business or municipal advisory business (except soliciting), as applicable, to allow for an orderly transition to another entity to engage in such business and, where applicable, to allow a municipal advisor to act consistently with its fiduciary duty to the municipal entity; provided, however, that such transition period must be as short a period of time as possible and that the prohibition under subsection (b)(i) of this rule shall be extended by the duration of the orderly transition period.

(ii) *Excluded Contributions.* A contribution to an official of a municipal entity will not subject a dealer or municipal advisor to a ban on business under subsection (b)(i) of this rule if the contribution meets the specific conditions of an exclusion set forth below.

(A) *Voting Right/De Minimis Contribution.* The contribution is made by a municipal finance professional or municipal advisor professional who is entitled to vote for the official of the municipal entity and the contribution and any other contribution made to the official of the municipal entity by such person in total do not exceed \$250 per election.

(B) *Contributions Made Before Becoming a Dealer Solicitor or Municipal Advisor Solicitor.* The contribution is made by a natural person who: (1) at the time of the contribution was not a municipal finance professional or municipal advisor professional; (2) 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 (3) since becoming a municipal finance professional and/or municipal advisor professional has not solicited the municipal entity; provided, however, that this non-solicitation condition is not required for this exclusion after two years have elapsed since the making of the contribution.

(C) *Contributions Made by Certain Persons More Than Six Months Before Becoming a Municipal Finance Professional or Municipal Advisor Professional.* The contribution is made by a person who is either or both of the following: (1) a municipal finance professional solely based on activities as a municipal finance principal, dealer supervisory chain person, or dealer executive officer, and the contribution was made more than six months before becoming a municipal finance professional or; (2) 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.

(c) *Prohibition on Soliciting and Coordinating Contributions and Payments.*

(i) *Contributions.* No dealer or municipal finance professional of the dealer shall solicit any person (including but not limited to any affiliated entity of the dealer) or political action committee to make any contribution, or coordinate any contributions, to an official of a municipal entity with dealer selection influence with which municipal entity the dealer is engaging, or is seeking to engage in municipal securities business. No municipal advisor or municipal advisor professional of the municipal advisor shall solicit any person (including but not limited to any affiliated entity of the municipal advisor) or political action committee to make any contribution, or coordinate any contributions, to an official of a municipal entity with municipal advisor selection influence with which municipal entity the municipal advisor is engaging, or is seeking to engage in municipal advisory business. In the case of a municipal advisor thirdparty solicitor, the prohibition on soliciting and coordinating contributions in this subsection (c) (i) shall apply to the solicitation or coordination of contributions to an official of a municipal entity with dealer selection influence, municipal advisor selection influence or investment adviser selection influence, as defined in paragraph (g)(xvi) (A), (B), or (C) of this rule, as applicable, by the municipal advisor third-party solicitor, or any municipal advisor professional of the municipal advisor third-party solicitor. In the case of a dealer-municipal advisor, the prohibition on soliciting and coordinating contributions in this subsection (c)(i) shall apply to the solicitation or coordination of contributions to an official of a municipal entity with dealer selection influence or an official of a municipal entity with municipal advisor selection influence by the dealer-municipal advisor, any municipal finance professional of the dealer-municipal advisor and any municipal advisor professional of the dealer-municipal advisor.

(ii) *Payments.* No dealer, municipal advisor, municipal finance representative, municipal advisor representative, dealer solicitor, municipal advisor solicitor, municipal finance principal or municipal advisor principal shall solicit any person (including but not limited to any affiliated entity of the dealer or municipal advisor) or political action committee to make any payment, or coordinate any payments, to a political party of a state or locality where the dealer or municipal advisor is engaging, or is seeking to engage in municipal securities business or municipal advisory business, as applicable.

(d) *Prohibition on Circumvention of Rule.* No dealer, municipal advisor, municipal finance professional or municipal advisor professional shall, directly or indirectly, through or by any other person or means, do any act which would result in a violation of sections (b) or (c) of this rule.

(e) *Required Disclosure to Board.*

(i) Each regulated entity must submit to the Board by the last day of the month following the end of each calendar quarter (these dates correspond to January 31, April 30, July 31 and October 31) Form G-37 containing, in the prescribed format, the following information:

(A) for any contribution to an official of a municipal entity (other than a contribution made by a municipal finance professional, municipal advisor professional, nonMFP executive officer or non-MAP executive officer of the regulated entity to an official of a municipal entity for whom such person is entitled to vote if all contributions by such person to such official of a municipal entity, in total, do not exceed \$250 per election) and payments to political parties of states and political subdivisions (other than a payment made by a municipal finance professional, municipal advisor professional, non-MFP executive officer or non-MAP executive officer of the regulated entity to a political party of a state or a political subdivision in which such person is entitled to vote if all payments by such person to such political party, in total, do not exceed \$250 per year) made by the persons and entities described in subparagraph (e)(i)(A)(2) below:

(1) listing by state, the name and title (including any city/county/state or political subdivision) of each official of a municipal entity and political party that received a contribution or payment during such calendar quarter;

(2) the contribution or payment amount made and the contributor category for such contributions or payments during such calendar quarter, as specified below:

(a) If a regulated entity, the identity of the contributor as a dealer and/or municipal advisor (disclose all applicable categories);

(b) If a natural person, the identity of the contributor as a municipal finance professional, municipal advisor professional, non-MFP executive officer or non-MAP executive officer of the regulated entity (disclose all applicable categories); or

(c) If a political action committee, the identity as a political action committee controlled by the regulated entity or any municipal finance professional or municipal advisor professional of the regulated entity;

(B) for any contribution to a bond ballot campaign (other than a contribution made by a municipal finance professional, municipal advisor professional, non-MFP executive officer or non-MAP executive officer of the regulated entity to a bond ballot campaign for a ballot initiative with respect to which such person is entitled to vote if all contributions by such person to such bond

ballot campaign, in total, do not exceed \$250 per ballot initiative) made by the persons and entities described in subparagraph (e)(i)(B)(2) below:

(1) listing by state, the official name of each bond ballot campaign receiving a contribution during such calendar quarter, and the jurisdiction (including city/county/state or political subdivision) by or for which municipal securities, if approved, would be issued;

(2) the contribution amount (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), the specific date on which the contribution was made, and the contributor category for such contributions during such calendar quarter as specified below:

(a) If a regulated entity, the identity of the contributor as a dealer and/or municipal advisor (disclose all applicable categories);

(b) If a natural person, the identity of the contributor as a municipal finance professional, municipal advisor professional, non-MFP executive officer or non-MAP executive officer of the regulated entity (disclose all applicable categories); or

(c) If a political action committee, the identity as a political action committee controlled by the regulated entity or any municipal finance professional or municipal advisor professional of the regulated entity;

(3) the full name of the municipal entity and full issue description of any primary offering resulting from the bond ballot campaign to which a contribution required to be disclosed pursuant to paragraph (e)(i)(B) of this rule has been made, or to which a contribution has been made by a municipal finance professional, municipal advisor professional, non-MFP executive officer or non-MAP executive officer during the period beginning two years prior to such person acquiring such status that would have been required to be disclosed if such person had acquired such status at the time of such contribution and the reportable date of selection on which the regulated entity was selected to engage in the municipal securities business or municipal advisory business, reported in the calendar quarter in which the closing date for the issuance that was authorized by the bond ballot campaign occurred; and

(4) any payment or reimbursement, related to any contribution to any bond ballot campaign received by the regulated entity or any of its municipal finance professionals or municipal advisor professionals from any third party that are required to be