

Rule G-37 Political Contributions and Prohibitions on Municipal Securities Business and Municipal Advisory Business



Forms G-37 and G-37x

- [Instructions for Forms G-37, G-37x and G-38t](#)
- [View Form G-37](#)
- [View Form G-37x](#)

Effective August 17, 2016, all Form G-37 and Form G-37x submissions must be made electronically through [EMMA Dataport](#). Submissions by fax or paper submissions will not be accepted.



Interpretative Q & A

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(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 third-party 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, non-MFP 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 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 disclosed pursuant to paragraph (e)(i)(B) of this rule, including the amount paid and the name of the third party making such payment or reimbursement.

(C) listing by state, the municipal entities with which the regulated entity has engaged in municipal securities business or municipal advisory business during such calendar quarter, along with the type of municipal securities business or municipal advisory business, and, in the case of municipal advisory business engaged in by a municipal advisor third-party solicitor, the listing of the type of municipal advisory business shall be accompanied by the name of the third party on behalf of which business was solicited and the nature of the business solicited (municipal securities business, municipal advisory business and/or investment advisory services—disclose all applicable categories);

(D) any information required to be included on Form G-37 for such calendar quarter pursuant to subsection (e)(iii) of this rule;

(E) such other identifying information required by Form G-37; and

(F) whether any contribution listed in this subsection (e)(i) of this rule is the subject of an automatic exemption pursuant to section (j) of this rule, and the date of such automatic exemption.

The Board shall make public a copy of each Form G-37 received from any regulated entity.

(ii) No regulated entity shall be required to submit Form G-37 to the Board for any calendar quarter in which either:

(A) such regulated entity has no information that is required to be reported pursuant to paragraphs (e)(i)(A) through (D) of this rule for such calendar quarter; or

(B) such regulated entity has not engaged in municipal securities business or municipal advisory business, but only if such regulated entity:

(1) had not engaged in municipal securities business or municipal advisory business during the seven consecutive calendar quarters immediately preceding such calendar quarter; and

(2) has submitted to the Board completed Form G-37x setting forth, in the prescribed format, (a) a certification to the effect that such regulated entity did not engage in municipal securities business or municipal advisory business during the eight consecutive calendar quarters immediately preceding the date of such certification, (b) certain acknowledgments as are set forth in said Form G-37x regarding the obligations of such regulated entity in connection with Forms G-37 and G-37x under subsection (e)(ii) of this rule and Rule G-8(a)(xvi) or Rule G-8(h)(iii), as applicable, and (c) such other identifying information required by Form G-37x; provided, however, that if a regulated entity has engaged in municipal securities business or municipal advisory business subsequent to the submission of Form G-37x to the Board, such regulated entity shall be required to submit a new Form G-37x to the Board in order to again qualify for an exemption under this clause (B). The Board shall make public a copy of each Form G-37x received from any regulated entity.

(iii) If a regulated entity engages in municipal securities business or municipal advisory business during any calendar quarter after not having reported on Form G-37 the information described in paragraph (e)(i)(A) of this rule for one or more contributions or payments made during the two-year period preceding such calendar quarter solely as a result of paragraph (e)(ii)(B) of this rule, such regulated entity shall include on Form G-37 for such calendar quarter all such information (including year and calendar quarter of such contribution(s) or payment(s)) not so reported during such two-year period.

(iv) A regulated entity that submits Form G-37 or Form G-37x to the Board shall submit an electronic version of such form to the Board in such format and manner specified in the current *Instructions for Forms G-37, G-37x and G-38t*.

(f) *Voluntary Disclosure to Board.* The Board will accept additional information related to contributions made to officials of municipal entities and bond ballot campaigns and payments made to political parties of states and political subdivisions voluntarily submitted by regulated entities or others, provided that such information is submitted otherwise in accordance with section (e) of this rule.

(g) *Definitions.*

(i) “Regulated entity” means a dealer or municipal advisor and “regulated entity,” “dealer” and “municipal advisor” exclude the entity’s associated persons.

(ii) “Municipal finance professional” means:

(A) any “municipal finance representative” - any associated person primarily engaged in municipal securities representative activities, as defined in Rule G-3 (a)(i), other than sales activities with natural persons;

(B) any “dealer solicitor” - any associated person who is a municipal solicitor as defined in paragraph (g)(xiii)(A) of this rule;

(C) any “municipal finance principal” - any associated person who is both (1) a municipal securities principal or a municipal securities sales principal; and (2) a supervisor of any municipal finance representative (as defined in paragraph (g)(ii)(A) of this rule) or dealer solicitor (as defined in paragraph (g)(ii)(B) of this rule);

(D) any “dealer supervisory chain person” - any associated person who is a supervisor of any municipal finance principal up through and including, in the case of a dealer other than a bank dealer, the Chief Executive Officer or similarly situated official and in the case of a bank dealer, the officer or officers designated by the board of directors of the bank as responsible for the day-to-day conduct of the bank’s municipal securities dealer activities, as required by Rule G-1(a)(1)(A); or

(E) any “dealer executive officer” - any associated person who is a member of an executive or management committee (or similarly situated official) of a dealer (or, in the case of a bank dealer, the separately identifiable department or division of the bank, as defined in Rule G-1(a)); provided, however, that if the persons described in this paragraph are the only associated persons of the dealer meeting the definition of municipal finance professional, the dealer shall be deemed to have no municipal finance professionals.

Each person designated by the dealer as a municipal finance professional pursuant to Rule G-8(a)(xvi) is deemed to be a municipal finance professional and shall retain this designation for one year after the last activity or position which gave rise to the designation.

(iii) “Municipal advisor professional” means:

(A) any “municipal advisor representative” – any associated person engaged in municipal advisor representative activities, as defined in Rule G-3(d)(i)(A);

(B) any “municipal advisor solicitor” – any associated person who is a municipal solicitor (as defined in paragraph (g)(xiii)(B) of this rule) (or in the case of an associated person of a municipal advisor third-party solicitor, paragraph (g)(xiii)(C) of this rule);

(C) any “municipal advisor principal” – any associated person who is both: (1) a municipal advisor principal (as defined in Rule G-3(e)(i)); and (2) a supervisor of any municipal advisor representative (as defined in paragraph (g)(iii)(A) of this rule) or municipal advisor solicitor (as defined in paragraph (g)(iii)(B) of this rule);

(D) any “municipal advisor supervisory chain person” – any associated person who is a supervisor of any municipal advisor principal up through and including, in the case of a municipal advisor other than a bank municipal advisor, the Chief Executive Officer or similarly situated official, and, in the case of a bank municipal advisor, the officer or officers designated by the board of directors of the bank as responsible for the day-to-day conduct of the bank’s municipal advisory activities, as required by 17 CFR 240.15Ba1-1(d)(4)(i); or

(E) any “municipal advisor executive officer” – any associated person who is a member of the executive or management committee (or similarly situated official) of a municipal advisor (or, in the case of a bank municipal advisor, the separately identifiable department or division of the bank as defined in Section 15B(e)(4) of the Act and 17 CFR 240.15Ba1-1(d)(4)(i) thereunder); provided, however, that if the persons described in this paragraph are the only associated persons of the municipal advisor meeting the definition of municipal advisor professional, the municipal advisor shall be deemed to have no municipal advisor professionals.

Each person designated by the municipal advisor as a municipal advisor professional pursuant to Rule G-8(h)(iii) is deemed to be a municipal advisor professional and shall retain this designation for one year after the last activity or position which gave rise to the designation.

(iv) “Bank municipal advisor” means a municipal advisor that is a bank or a separately identifiable department or division of the bank as defined in Section 15B(e)(4) of the Act and 17 CFR 240.15Ba1-1(d)(4)(i) thereunder.

(v) “Bond ballot campaign” means any fund, organization or committee that solicits or

receives contributions to be used to support ballot initiatives seeking authorization for the issuance of municipal securities through public approval obtained by popular vote.

(vi) “Contribution” means any gift, subscription, loan, advance, or deposit of money or anything of value made:

(A) to an official of a municipal entity:

- (1) for the purpose of influencing any election for federal, state or local office;
- (2) for payment of debt incurred in connection with any such election; or
- (3) for transition or inaugural expenses incurred by the successful candidate for state or local office; or

(B) to a bond ballot campaign:

- (1) for the purpose of influencing (whether in support of or opposition to) any ballot initiative seeking authorization for the issuance of municipal securities through public approval obtained by popular vote;
- (2) for payment of debt incurred in connection with any such ballot initiative; or
- (3) for payment of the costs of conducting any such ballot initiative.

(vii) “Issuer” means the governmental issuer specified in Section 3(a)(29) of the Act.

(viii) “Municipal advisor” means a municipal advisor that is registered or required to be registered under Section 15B of the Act and the rules and regulations thereunder.

(ix) “Municipal advisory business” means those activities that would cause a person to be a municipal advisor as defined in Section 15B(e)(4) of the Act, 17 CFR 240.15Ba1-1 (d)(1)-(4) and other rules and regulations thereunder, including: (A) the provision of advice to or on behalf of a municipal entity or an obligated person with respect to municipal financial products or the issuance of municipal securities, including advice with respect to the structure, timing, terms, and other similar matters concerning such financial products or issues and (B) the solicitation of a municipal entity or obligated

person, within the meaning of Section 15B(e)(9) of the Act and the rules and regulations thereunder.

(x) “Municipal advisor third-party solicitor” means a municipal advisor that is currently soliciting a municipal entity, is engaged to solicit a municipal entity, or is seeking to be engaged to solicit a municipal entity for direct or indirect compensation, on behalf of a dealer, municipal advisor or investment adviser (as defined in Section 202(a)(11) of the Investment Advisers Act of 1940) that does not control, is not controlled by, or is not under common control with the municipal advisor undertaking such solicitation.

(xi) “Municipal entity” has the meaning specified in Section 15B(e)(8) of the Act and the rules and regulations thereunder.

(xii) “Municipal securities business” means:

(A) the purchase of a primary offering (as defined in Rule A-13(f)) of municipal securities from a municipal entity on other than a competitive bid basis (*e.g.*, negotiated underwriting);

(B) the offer or sale of a primary offering of municipal securities on behalf of any municipal entity (*e.g.*, private placement);

(C) the provision of financial advisory or consultant services to or on behalf of a municipal entity with respect to a primary offering of municipal securities in which the dealer was chosen to provide such services on other than a competitive bid basis; and

(D) the provision of remarketing agent services to or on behalf of a municipal entity with respect to a primary offering of municipal securities in which the dealer was chosen to provide such services on other than a competitive bid basis.

(xiii) “Municipal solicitor” means:

(A) an associated person of a dealer who solicits a municipal entity for municipal securities business on behalf of the dealer;

(B) an associated person of a municipal advisor who solicits a municipal entity for municipal advisory business on behalf of the municipal advisor; or

(C) an associated person of a municipal advisor third-party solicitor who solicits a municipal entity on behalf of a dealer, municipal advisor or investment adviser (as defined in Section 202(a)(11) of the Investment Advisers Act of 1940) that does

not control, is not controlled by, or is not under common control with such municipal advisor third-party solicitor.

(xiv) “Non-MAP executive officer” means an associated person in charge of a principal business unit, division or function or any other person who performs similar policy making functions for the municipal advisor (or, in the case of a bank municipal advisor, the separately identifiable department or division of the bank, as defined in Section 15B (e)(4) of the Act and 17 CFR 240.15Ba1-1(d)(4)(i) thereunder), but does not include any municipal advisor professional, as defined in subsection (g)(iii) of this rule; provided, however, that if no associated person of the municipal advisor meets the definition of municipal advisor professional, the municipal advisor shall be deemed to have no non-MAP executive officers. Each person listed by the municipal advisor as a non-MAP executive officer pursuant to Rule G-8(h)(iii) is deemed to be a non-MAP executive officer.

(xv) “Non-MFP executive officer” means an associated person in charge of a principal business unit, division or function or any other person who performs similar policy making functions for the dealer (or, in the case of a bank dealer, the separately identifiable department or division of the bank, as defined in Rule G-1(a)), but does not include any municipal finance professional, as defined in subsection (g)(ii) of this rule; provided, however, that if no associated person of the dealer meets the definition of municipal finance professional, the dealer shall be deemed to have no non-MFP executive officers. Each person listed by the dealer as a non-MFP executive officer pursuant to Rule G-8(a)(xvi) is deemed to be a non-MFP executive officer.

(xvi) “Official of such municipal entity” or “official of a municipal entity,” without further specification, means any person who meets the definition of at least one of paragraphs (g)(xvi)(A), (g)(xvi)(B), or (g)(xvi)(C) of this rule.

(A) “Official of a municipal entity with dealer selection influence” or “official of such municipal entity with dealer selection influence” means any person (including any election committee for such person) who was, at the time of the contribution, an incumbent, candidate or successful candidate: (1) for elective office of the municipal entity which office is directly or indirectly responsible for, or can influence the outcome of, the hiring by the municipal entity of a dealer for municipal securities business; or (2) for any elective office of a state or of any political subdivision, which office has authority to appoint any person who is directly or indirectly responsible for, or can influence the outcome of, the hiring by a municipal entity of a dealer for municipal securities business.

(B) “Official of a municipal entity with municipal advisor selection influence” or

“official of such municipal entity with municipal advisor selection influence” means any person (including any election committee for such person) who was, at the time of the contribution, an incumbent, candidate or successful candidate: (1) for elective office of the municipal entity which office is directly or indirectly responsible for, or can influence the outcome of, the hiring by the municipal entity of a municipal advisor for municipal advisory business; or (2) for any elective office of a state or of any political subdivision, which office has authority to appoint any person who is directly or indirectly responsible for, or can influence the outcome of, the hiring by a municipal entity of a municipal advisor for municipal advisory business.

(C) “Official of a municipal entity with investment adviser selection influence” or “official of such municipal entity with investment adviser selection influence” means any person (including any election committee for such person) who was, at the time of the contribution, an incumbent, candidate or successful candidate: (1) for elective office of the municipal entity, which office is directly or indirectly responsible for, or can influence the outcome of, the hiring by the municipal entity of an investment adviser (as defined in Section 202(a)(11) of the Investment Advisers Act of 1940) for investment advisory services; or (2) for any elective office of a state or of any political subdivision, which office has authority to appoint any person who is directly or indirectly responsible for, or can influence the outcome of, the hiring by a municipal entity of an investment adviser for investment advisory services.

(xvii) “Payment” means any gift, subscription, loan, advance, or deposit of money or anything of value.

(xviii) “Reportable date of selection” means the date of the earliest to occur of: (A) the execution of an engagement letter; (B) the receipt of formal notification (provided either in writing or orally) from or on behalf of the municipal entity that the dealer or municipal advisor has been selected to engage in municipal securities business or municipal advisory business; or, (C) solely in the case of a dealer, the execution of a bond purchase agreement.

(xix) “Solicit,” or “soliciting,” except as used in section (c) of this rule, means to make, or making, respectively, a direct or indirect communication with a municipal entity for the purposes of obtaining or retaining an engagement by the municipal entity of a dealer, municipal advisor or investment adviser (as defined in Section 202(a)(11) of the Investment Advisers Act of 1940) for municipal securities business, municipal advisory business or investment advisory services; provided, however, that it does not include advertising by a dealer, municipal advisor or investment adviser.

(h) *Operative Terms.* The prohibitions under this rule on engaging in municipal securities business and municipal advisory business shall result from a contribution and be of the scope and length of time as provided under Rule G-37 as in effect at the time that such contribution is made.

(i) *Application for Exemption.* Upon application, a registered securities association with respect to a dealer that is a member of such association, or the appropriate regulatory agency as defined in Section 3(a)(34) of the Act with respect to any other dealer, may, conditionally or unconditionally, exempt such dealer from a prohibition on municipal securities business in subsection (b)(i) of this rule. Upon application, a registered securities association with respect to a municipal advisor that is a member of such association, or the Commission, or the Commission's designee, with respect to any other municipal advisor, may, conditionally or unconditionally, exempt such municipal advisor from a prohibition on municipal advisory business in subsection (b)(i) of this rule. In determining whether to grant such exemption, among other factors, the following shall be considered:

(i) whether such exemption is consistent with the public interest, the protection of investors, municipal entities and obligated persons and the purposes of this rule;

(ii) whether such regulated entity (A) prior to the time the contribution(s) which resulted in such prohibition was made, had developed and instituted procedures reasonably designed to ensure compliance with this rule; (B) prior to or at the time the contribution (s) which resulted in such prohibition was made, had no actual knowledge of the contribution(s); (C) has taken all available steps to cause the contributor involved in making the contribution(s) which resulted in such prohibition to obtain a return of the contribution(s); and (D) has taken such other remedial or preventive measures, as may be appropriate under the circumstances, and the nature of such other remedial or preventive measures directed specifically toward the contributor who made the relevant contribution and all employees of the regulated entity;

(iii) whether, at the time of the contribution, the contributor was a municipal finance professional or a municipal advisor professional or otherwise an employee of the regulated entity, or was seeking such employment, or was a municipal advisor professional or otherwise an employee of a municipal advisor third-party solicitor engaged by the regulated entity or was seeking such employment;

(iv) the timing and amount of the contribution which resulted in the prohibition;

(v) the nature of the election (e.g, federal, state or local); and

(vi) the contributor's apparent intent or motive in making the contribution which resulted in the prohibition, as evidenced by the facts and circumstances surrounding such contribution.

(j) *Automatic Exemptions.*

(i) A regulated entity that is prohibited from engaging in municipal securities business or municipal advisory business with a municipal entity pursuant to subsection (b)(i) of this rule as a result of a contribution made by a municipal finance professional or a municipal advisor professional, or a municipal advisor professional of a municipal advisor third-party solicitor on behalf of such regulated entity may exempt itself from such prohibition, subject to subsection (j)(ii) and subsection (j)(iii) of this rule, upon satisfaction of the following requirements: (A) the regulated entity must have discovered the contribution which resulted in the prohibition within four months of the date of such contribution; (B) such contribution must not have exceeded \$250; and (C) the contributor must obtain a return of the contribution within 60 calendar days of the date of discovery of such contribution by the regulated entity.

(ii) A regulated entity is entitled to no more than two automatic exemptions per 12-month period.

(iii) A regulated entity may not execute more than one automatic exemption relating to contributions by the same person regardless of the time period.