



Political Law Alert

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MSRB Amendments to Pay-to-Play Rule Will Take Effect in August 2016

On February 17, 2016, the Municipal Securities Rulemaking Board (MSRB) announced in Regulatory Notice 2016-06 that its draft amendments to Rule G-37 on political contributions, and related amendments to Rules G-8 and G-9 on recordkeeping, will take effect on August 17, 2016. The amendments were deemed approved by the Securities and Exchange Commission (SEC) on February 13, 2016, by operation of Section 19(b)(2)(D) of the Securities and Exchange Act, which states that if the SEC takes no action on a proposed new rule or rule change within 45 days, the proposal is deemed to be approved.

As discussed in prior mailings, once these amendments and the new Financial Industry Regulatory Authority (FINRA) pay-to-play rule are both effective, the SEC will begin enforcing Rule 206(4)-5's placement agent restrictions on an investment adviser's ability to use affiliates or third parties as placement agents. FINRA submitted its draft pay-to-play rule to the SEC for approval on the same day that the MSRB submitted its amendments; however, FINRA has not yet announced its rule's effective date.

Read our prior summary of the draft MSRB amendments [here](#).

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