

# Political Law Update

If you have any questions regarding the matters discussed in this memorandum, please contact the following attorneys or call your regular Skadden contact.

---

**Ki P. Hong**

Partner / Washington, D.C.  
202.371.7017  
ki.hong@skadden.com

**Charles M. Ricciardelli**

Partner / Washington, D.C.  
202.371.7573  
charles.ricciardelli@skadden.com

---

This memorandum is provided by Skadden, Arps, Slate, Meagher & Flom LLP and its affiliates for educational and informational purposes only and is not intended and should not be construed as legal advice. This memorandum is considered advertising under applicable state laws.

One Manhattan West  
New York, NY 10001  
212.735.3000

1440 New York Avenue, N.W.  
Washington, D.C. 20005  
202.371.7000

## For Financial Institutions: Reminder That Federal Political Activity Can Implicate Certain Pay-to-Play Rules

With the election season in full swing, there is increased interest in political contributions. It is important for financial institutions subject to SEC Rule 206(4)-5 for investment advisers, CFTC Rule 23.451 for swap dealers, MSRB Rule G-37 for broker-dealers that underwrite municipal securities and municipal advisors, FINRA Rule 2030 for FINRA members engaged in soliciting governments for investment advisory services and SEC Rule 15Fh-6 for security-based swap dealers (Rules) to keep in mind that the Rules can apply to federal candidates who hold state or local office and to certain joint fundraising committees.

This year, a number of covered state and local officeholders are running for federal office. These include, but are not limited to:

- Ron DeSantis, the governor of Florida who is running for president.
- Jim Justice, the governor of West Virginia who is running for the U.S. Senate.
- Angela Alsobrooks, the county executive of Prince George's County, Maryland, running for the U.S. Senate.
- George Latimer, the county executive of Westchester County, New York, running for the U.S. House.

Even political contributions and fundraising for federal candidates who are not state or local officeholders can implicate the Rules when done through joint fundraising committees (JFCs). JFCs allow multiple federal candidate campaigns, political committees and federal accounts of state party committees to fundraise together. For example, President Biden raises funds through two main JFCs: Biden Action Fund, which includes Biden for President and the DNC, and Biden Victory Fund, which includes Biden for President, the DNC and the various state party committees. The Republican presidential nominee has had similar JFCs in previous elections and likely will this year as well. It is also common for senators and representatives to have their own JFCs, with their campaign committees, leadership PACs and either a national party committee or state party. A covered employee making contributions to a state party committee raises the risk of indirectly violating the Rules, while a covered employee fundraising or soliciting for a state party is directly prohibited. Thus, when covered employees contribute to, or host a fundraiser for, a JFC associated with a particular federal official running for reelection (*e.g.*, President Biden) they may not realize they are also directly contributing to or raising money for the JFC's state party committee participants.

Because of the complications with JFCs and with federal candidates who hold state or local offices, companies subject to the Rules may want to remind their covered employees to preclear all political contributions — even federal ones — and vet the precise political committee being supported.

# Political Law Update

---

## Additional Contacts

**Melissa L. Miles**

Counsel / Washington, D.C.  
202.371.7836  
melissa.miles@skadden.com

**Matthew Bobys**

Counsel / Washington, D.C.  
202.371.7739  
matthew.bobys@skadden.com

**Tyler Rosen**

Counsel / Washington, D.C.  
202.371.7035  
tyler.rosen@skadden.com

**Theodore R. Grodek**

Associate / Washington, D.C.  
202.371.7262  
theodore.grodek@skadden.com

**Karina Bakhshi-Azar**

Associate / Washington, D.C.  
202.371.7365  
karina.bakhshi-azar@skadden.com

**Olivia Marshall**

Associate / Washington, D.C.  
202.371.7341  
olivia.marshall@skadden.com

**Sam Rothbloom**

Associate / Washington, D.C.  
202.371.7354  
sam.rothbloom@skadden.com

**Aanchal Chugh**

Associate / Washington, D.C.  
202.371.7359  
aanchal.chugh@skadden.com

**Kelvin Reese**

Head Political Reports Analyst  
202.371.7498  
kelvin.reese@skadden.com

**John Mannion**

Senior Political Compliance Analyst  
202.371.7559  
john.mannion@skadden.com

**Minkeun Oh**

Senior Political Reports Analyst  
202.371.7499  
minkeun.oh@skadden.com

**Jennifer Shaw**

Senior Political Reports Analyst  
202.371.7426  
jennifer.shaw@skadden.com

**Michelle Chun**

Political Reports Analyst  
202.371.7277  
michelle.chun@skadden.com

**Liya Huluka**

Political Reports Analyst  
202.371.7283  
liya.huluka@skadden.com

**Brien Bonneville**

Practice Group Manager  
202.371.7243  
brien.bonneville@skadden.com