

MSRB Proposes Requiring Dealers to Disclose Additional Information Regarding Bond Ballot Contributions

Date: August 15, 2012

Contact: Jennifer A. Galloway
(703) 797-6600
jgalloway@msrb.org

MSRB PROPOSES REQUIRING DEALERS TO DISCLOSE ADDITIONAL INFORMATION REGARDING BOND BALLOT CONTRIBUTIONS

Alexandria, VA – The Municipal Securities Rulemaking Board (MSRB) today issued a request for public comment on a proposal to make publicly available additional information about contributions made by municipal securities dealers to bond ballot campaigns. The proposal seeks to address the perception that dealers' contributions to bond ballot campaigns, which secure voter approval for taxpayer-funded public projects, could influence the award of municipal securities underwriting business to dealers.

"Collecting additional disclosure information would assist the MSRB in our ongoing study of the perceived correlation between giving bond ballot campaign support and getting underwriting business," said MSRB Executive Director Lynnette Kelly. "Even the appearance of 'pay-to-play' can undermine public confidence in the municipal market. As part of our mission to promote market integrity, the MSRB is seeking public input on the benefits and burdens of requiring further disclosures about dealers' bond ballot campaign contributions."

Under the proposed changes to MSRB Rule G-37, dealers and their municipal finance professionals that contribute to bond ballot campaigns would be required to disclose specific information on the timing of their contributions, the identity of the municipal entity issuing the bonds subject to the bond ballot approval, and any primary offerings resulting from the bond ballot campaign for which the dealer engages in municipal securities business, among other rule changes.

MSRB Rule G-37 currently requires dealers to disclose certain contributions to bond ballot campaigns, issuer officials and payments to political parties of states and political subdivisions. The MSRB is seeking more information on the value of having dealers provide additional information related to bond ballot campaigns, including costs and benefits, and alternative methods to promoting public confidence in the municipal securities market.

Comments should be submitted no later than September 17, 2012.

The Municipal Securities Rulemaking Board (MSRB) protects investors, issuers of municipal securities and entities whose credit stands behind municipal securities, and public pension plans by promoting a fair and efficient municipal market. The MSRB fulfills this mission by regulating securities firms, banks and municipal advisors that engage in municipal securities and advisory activities. To further protect

market participants, the MSRB promotes disclosure and market transparency through its Electronic Municipal Market Access (EMMA) website, provides education and conducts extensive outreach. The MSRB has operated under Congressional mandate with oversight by the Securities and Exchange Commission since 1975.