

engaging in municipal securities business with that issuer?

A: No. The prohibition section applies only to contributions made by the dealer, its municipal finance professionals, or any PAC controlled by the dealer or any of its municipal finance professionals. The definition of *non-MFP* executive officer does not include any municipal finance professional. However, contributions by *non-MFP* executive officers are subject to the reporting/disclosure provisions of the rule. In addition, pursuant to section (d), dealers are prohibited from using *non-MFP* executive officers (as well as any other person or entity) as a conduit for making contributions to officials of issuers.

(May 24, 1994)

## II.5

Q: Would a dealer be prohibited from engaging in municipal securities business with a state agency, whose board members are appointed by the governor, if the dealer makes contributions to the governor?

A: Yes, the definition of "official of an issuer" in Rule G-37(g)(vi) includes any person who was, at the time of the contribution, an incumbent, candidate or successful candidate 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 of a broker, dealer or municipal securities dealer for municipal securities business by an issuer. [The Board intended to prohibit a dealer from engaging in municipal securities business with this state agency in these circumstances. The Board recently filed with the SEC an amendment to rule G-37 to clarify the definition of "official of an issuer." See the rule filing, SR-MSRB-94-5, for more information about this amendment.]

(May 24, 1994)

## II.6

Q: May a municipal finance professional who is entitled to vote for an issuer official make contributions to pay for such official's transition or inaugural expenses without causing a prohibition on municipal securities business with the issuer?

A: Yes, under certain conditions. The *de minimis* exception allows a municipal finance professional to contribute up to \$250 per candidate per election if the municipal finance professional is entitled to vote for that issuer official. The *de minimis* exception is keyed to an election cycle;

therefore, if a municipal finance professional contributed \$250 to the general election of an issuer official, the municipal finance professional would not be able to make any contributions to pay for transition or inaugural expenses without causing a prohibition on municipal securities business with the issuer. If a municipal finance professional made no contributions to an issuer official prior to the election, then the municipal finance professional may, if entitled to vote for the candidate, contribute up to \$250 to pay for transition or inaugural expenses and payment of debt incurred in connection with the election without causing a prohibition on municipal securities business.

(September 9, 1997)

## II.7

Q: Are any payments made to issuer officials, other than political contributions, covered by the rule?

A: No. However, any other payments may be subject to [r]Rule G-20 on gifts and gratuities.

(May 24, 1994)

## Primary, State Caucus or Convention

### II.8

Q: If an issuer official is involved in a primary election prior to the general election, may a municipal finance professional who is entitled to vote for such official contribute \$250 to the issuer official's primary as well as general election?

A: Yes, the municipal finance professional could contribute up to \$500 to each such official (*i.e.*, \$250 per election).

(May 24, 1994)

### II.9

Q: If the locality in which the incumbent or candidate is seeking election as an issuer official holds a convention or caucus (instead of a primary election) prior to the general election, may a municipal finance professional entitled to vote in that locality contribute \$250 to the incumbent or candidate's convention or caucus election campaign, as well as \$250 to the incumbent or candidate's general election, without causing a ban on municipal securities business with the issuer?

A: Yes, if the issuer official has been qualified to be considered at the state caucus or convention.

(June 15, 1995)

## MFP as Incumbent or Candidate

### II.10

Q: If a municipal finance professional also is an incumbent or candidate for

political office in a municipality in which the municipal finance professional's employer (*i.e.*, the dealer) conducts municipal securities business, must the dealer terminate the municipal finance professional or are there any restrictions on the kind of business a dealer can engage in with that issuer?

A: No. However, the dealer, any municipal finance professional and any PAC controlled by the dealer or municipal finance professional must ensure that the dealer does not engage in municipal securities business with the issuer if contributions (other than the *de minimis* contributions allowed under section (b)) are made to an official of the issuer. The municipal finance professional who is an incumbent or candidate for office is not limited to contributing the *de minimis* amount to his or her own campaign in such instances.

(May 24, 1994)

## Attendance at Fund-Raising Dinner

### II.11

Q: May a dealer continue to engage in municipal securities business with an issuer if a municipal finance professional pays for and attends a fund-raising dinner for a candidate who is seeking election to a position as an official of such issuer?

A: A municipal finance professional who contributes funds in this instance would subject the dealer to a prohibition on municipal securities business with the issuer unless the municipal finance professional is entitled to vote for such candidate and any contributions do not exceed \$250 to such candidate per election. In addition, any municipal finance professional who attends the dinner for the purpose of soliciting contributions by others for the issuer official would violate [r]Rule G-37's prohibition on soliciting contributions. *See also Rule G-37(c).*

(May 24, 1994)

## Two-Year Look Back

### II.12

Q: A municipal finance professional (*i.e.*, a municipal investment banker subject to the two year look back) was associated with dealer X at the time he made a contribution which resulted in the dealer being prohibited from engaging in municipal securities business with the issuer. Then, less than two years after making the contribution, the municipal finance professional becomes associated with dealer Y. Is dealer Y also subject to the prohibition on business?

A: Both dealers are subject to the prohibition for two years from the date