

provided, however, that sales activities with natural persons shall not be considered to be municipal securities representative activities for purposes of Rule G-37(g)(iv);

2. Any associated person who solicits "municipal securities business" as defined in [r]Rule G-37 (which includes negotiated underwriting activities, private placement activities, negotiated remarketing services, financial advisory and consultant services);

3. Any associated person who is both (i) a municipal securities principal or a municipal securities sales principal and (ii) a supervisor of any persons described in paragraphs 1 or 2 above;

[3.] 4. Any associated person who is a [Direct] supervisor[s] of the associated persons described in paragraph 3 above, up through and including: [(1)] (i) for dealers that are not bank dealers, the CEO or similarly situated official; and [(2)] (ii) for bank dealers, the officer or officers designated by the bank's board of directors as responsible for the day-to-day conduct of the bank's dealer activities.

[4.] 5. For dealers other than bank dealers: any associated person who is a member of the executive or management committee, or similarly situated officials, if any. For bank dealers: any member of the executive or management committee of the separately identifiable department or division of the bank, as defined in [r]Rule G-1, if any. However, if the only associated persons meeting the definition of municipal finance professional are those described in this paragraph 5, the broker, dealer or municipal securities dealer shall be deemed to have no municipal finance professionals.

Each person listed by the dealer as a municipal finance professional is deemed to be such for purposes of [r]Rule G-37. [Remember that the prohibition on business applies to contributions made within the previous two years, beginning with contributions made on April 25, 1994.]

(May 24, 1994)

#### IV.7

Q: Does the definition of municipal finance professional include all registered representatives?

A: No. The definition of municipal finance professional includes, among others, any associated person primarily engaged in municipal representative activities pursuant to [r]Rule G-3(a)(i), but excludes sales activities with natural persons. [These activities include underwriting, trading, sales, financial advisory and consultant services, research or investment advice on municipal securities, or any other

activities which involve communication, directly or indirectly, with public investors relating to the activities listed in this paragraph.]

(May 24, 1994)

#### IV.8

Q: Does the definition of municipal finance professional include any associated person who solicits municipal securities business, even if this solicitation activity is a very small portion of the associated person's work?

A: Yes. Even if an associated person is not "primarily engaged in municipal representative activities," that associated person can be considered a municipal finance professional if he or she solicits municipal securities business, as defined in [r]Rule G-37 (such business includes negotiated underwriting activities, private placement activities, negotiated remarketing services, financial advisory and consultant services).

(May 24, 1994)

#### IV.9

Q: Does the definition of municipal finance professional include anyone other than an associated person of the dealer, for example, consultants, lawyers or spouses of municipal finance professionals?

A: No. Municipal finance professionals must be associated persons of the dealer. Of course, if a dealer or a municipal finance professional seeks indirectly to make contributions to issuer officials through consultants, lawyers or spouses, such contributions would result in the dealer being prohibited from engaging in municipal securities business with the issuer for two years from the date of such contributions.

(May 24, 1994)

#### Solicitation

[Q: Many retail sales persons in larger firms may not be "primarily engaged in" municipal securities representative activities and thus may not fall within that portion of the definition of municipal finance professional. However, if these sales persons solicit municipal securities business, would they be subject to rule G-37?]

[A: Yes. Rule G-37(g)(iv) defines a municipal finance professional to include, among others, any associated person who solicits municipal securities business. If a retail sales person solicits municipal securities business, then that person becomes a municipal finance professional. Any contributions by such persons made to an issuer official may subject the dealer to the two-year prohibition on business with that issuer.

(December 7, 1994)]

#### IV.10

Q: What constitutes "solicitation" of municipal securities business?

A: Solicitation activities may include, but are not limited to, responding to issuer Requests for Proposals, making presentations of public finance and/or municipal securities marketing capabilities to issuer officials, and engaging in other activities calculated to appeal to issuer officials for municipal securities business, or which effectively do so.

(December 7, 1994)

#### IV.11

Q: Has a "solicitation" occurred if a retail sales person receives a "finder's fee" for bringing municipal securities business to the dealer?

A: If a retail sales person receives a "finder's fee" for bringing municipal securities business to the dealer, then there should be a presumption that the sales person solicited municipal business from an issuer official. In such situations, the sales person becomes a municipal finance professional and any contributions made by that person to an issuer official may subject the dealer to the two-year prohibition on business with that issuer.

(December 7, 1994)

#### IV.12

Q: Is a "finder's fee" solely cash compensation?

A: No. Such compensation, for example, may take the form of: (i) an unusually large allocation of bonds to a particular sales person; (ii) sales credits; or (iii) any other kind of remuneration.

(December 7, 1994)

#### IV.13

Q: Any associated person who solicits municipal securities business is deemed a municipal finance professional under [r]Rule G-37. The Board previously noted that "solicitation" may encompass a number of activities, including, for example, making presentations of public finance and/or municipal securities marketing capabilities to issuer officials, and engaging in other activities calculated to appeal to issuer officials for municipal securities business, or which effectively do so [(MSRB Reports, Vol. 14, No. 5 (Dec. 1994) at 8)]. If an associated person of a dealer attends a presentation by dealer personnel of public finance capabilities, would this also constitute "solicitation" under [r]Rule G-37?

A: Yes. If an associated person of a dealer attends such a presentation, then