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September 25, 2015

Mr. Brent Fields, Secretary  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

Re: File No. SR-MSRB-2015-09  
Rule G-20, Gifts and Gratuities

Dear Mr. Fields:

The Investment Company Institute<sup>1</sup> is writing in response to the Securities and Exchange Commission's request for comments on proposed revisions to Municipal Securities Rulemaking Board ("MSRB") Rule G-20, which governs gifts, gratuities, and non-cash compensation that may be given or paid by brokers, dealers, and municipal securities dealers.<sup>2</sup> While the revisions, in large part, are intended to expand the scope of the rule to include municipal advisors, they also would codify guidance the MSRB has issued under the rule as well as guidance FINRA has issued under its comparable rules.

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<sup>1</sup> The Investment Company Institute (ICI) is a leading, global association of regulated funds, including mutual funds, exchange-traded funds (ETFs), closed-end funds, and unit investment trusts (UITs) in the United States, and similar funds offered to investors in jurisdictions worldwide. ICI seeks to encourage adherence to high ethical standards, promote public understanding, and otherwise advance the interests of funds, their shareholders, directors, and advisers. ICI's U.S. fund members manage total assets of \$18.2 trillion and serve more than 90 million U.S. shareholders.

<sup>2</sup> See *Notice of Filing of a Proposed Rule Change Consisting of Proposed Amendments to Rule G-20, on Gifts, Gratuities, and Non-Cash Compensation, and Rule G-8, on Books and Records to be Made by Brokers, Dealers, Municipal Securities Dealers, and Municipal Advisors, and the Deletion of Prior Interpretive Guidance*, SEC Release No. 34-75932, File No. SR-MSRB-2015-09 (August 6, 2015) ("SEC Release").

When the MSRB published the proposed revisions for comment, the Institute filed a comment letter supporting them but recommending that the MSRB (1) clarify the rule's application to those promotional items given by a registrant that contain only the brand or logo of a state's college savings plan, and not that of the registrant; and (2) revise the standard in Rule G-20(d) applicable to the value of promotional items to address concerns with its vagueness.

The SEC Release contains the MSRB's response to both of our recommendations. With respect to our first recommendation, we appreciate the MSRB adding Supplementary Material .03 to the rule. This Supplementary Material expressly clarifies that the rule's prohibitions will, in fact, apply to promotional items containing the logo or brand of persons other than a registrant if given by a registrant.

With respect to our second recommendation, the MSRB noted that in 2007 it had published guidance under Rule G-20<sup>3</sup> affirming that it would interpret Rule G-20 in a manner consistent with guidance that the NASD (n/k/a FINRA) issued in 2006 under NASD Rule 3060.<sup>4</sup> This guidance contains a standard identical to that proposed by the MSRB. While we appreciate this clarification, we strongly recommend that, if the MSRB intends to construe its amendments to G-20 consistently with NASD Rule 3060, it expressly include the substance of the NASD's interpretive guidance in Rule G-20 or its supplementary material.<sup>5</sup>

Including this guidance in the rule's text or supplementary material is wholly consistent with the MSRB's intent to revise Rule G-20, in part, to "[c]onsolidate and codify interpretive guidance, including interpretive guidance published by the Financial Industry Regulatory Authority, Inc. ('FINRA') and adopted by the MSRB, to ease the compliance burden on regulated entities that must understand and comply with these obligations, and delete prior interpretive guidance that would be codified by proposed amended Rule G-20."<sup>6</sup> Including this clarification in the rule would serve three additional purposes. First, it would affirm that the MSRB considers the guidance on a retired NASD rule to be relevant when interpreting Rule G-20.<sup>7</sup> Second, consistent with the express language of the NASD's guidance, it would also clarify for registrants that the monetary limits in Rule G-20 do not

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<sup>3</sup> See *Dealer Payments in Connection with the Municipal Securities Issuance Process*, MSRB Interpretive Notice under Rule G-20 (January 29, 2007).

<sup>4</sup> See *NASD Issues Additional Guidance on Rule 3060 (Influencing or Rewarding Employees of Others)*, NASD Notice 06-69.

<sup>5</sup> We note that the NASD guidance that the MSRB references in the SEC Release relates to a rule the NASD retired in 2008.

<sup>6</sup> SEC Release at pp. 34-35.

<sup>7</sup> In the absence of this clarification, registrants might think the MSRB's failure to include the guidance in the rule or its supplementary material was deliberate and the MSRB views the NASD guidance as no longer valid for purposes of interpreting revised Rule G-20.

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apply to “customary Lucite tombstones, plaques or other similar solely decorative items commemorating a business transaction, even when such items have a cost of more than \$100.” This issue is not currently addressed in Rule G-20 or its supplementary material. Third, expressly including the substance of the NASD’s guidance in the MSRB’s rule would also avoid registrants having to consult sources extraneous to the text of rule to understand fully the rule’s provision, thereby fulfilling the MSRB’s interest in easing the compliance burden on registrants that must understand and comply with their obligations under the rule.

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The Institute appreciates the opportunity to offer these comments on the MSRB’s proposal. If you have any questions concerning them or would like additional information regarding our views, please contact the undersigned by phone ([REDACTED]) or email ([REDACTED]).

Regards,

/S/

Tamara K. Salmon  
Senior Associate Counsel