

Rule G-8: Books and Records to be Made by Brokers, Dealers, and Municipal Securities Dealers and Municipal Advisors

(a) *Description of Books and Records Required to be Made.* Except as otherwise specifically indicated in this rule, every broker, dealer and municipal securities dealer shall make and keep current the following books and records, to the extent applicable to the business of such broker, dealer or municipal securities dealer:

(i) – (x) No change.

(xi) *Customer Account Information.* A record for each customer, other than an institutional account, setting forth the following information to the extent applicable to such customer:

(A) – (E) No change.

(F) information about the customer obtained pursuant to rule G-19 or, for a retail customer, as defined in Rule 15l-1(b)(1) under the Act (“Regulation Best Interest”), to whom a recommendation of any securities transaction or investment strategy involving municipal securities is or will be provided, a record of all information collected from and provided to the retail customer pursuant to Regulation Best Interest, as well as the identity of each natural person who is an associated person, if any, responsible for the account. The neglect, refusal, or inability of the retail customer to provide or update any information described in this paragraph shall excuse the dealer from obtaining that required information;

(G) – (M) No change.

(xii – xxvi) No change.

(xxvii) A record of the date that each Form CRS was provided to each retail investor, as defined in Rule 17a-14 under the Act, including any Form CRS provided before such retail investor opens an account.

(b) – (h) No change.

Supplementary Material

No change.

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Rule G-9: Preservation of Records

(a) *Records to be Preserved for Six Years.* Every broker, dealer and municipal securities dealer shall preserve the following records for a period of not less than six years:

(i) – (iv) No change.

(v) the records concerning suitability or Rule 15l-1(b)(1) under the Act (“Regulation Best Interest”) required to be maintained pursuant to Rule G-8(a)(xi)(F), until at least six years after the earlier of the date the account was closed or the date on which the information was collected, provided, replaced, or updated; and the records concerning Form CRS required to be maintained pursuant to Rule G-8(a)(xxvii) and a copy of each Form CRS, until at least six years after such record or Form CRS is created;

(vi) the customer complaint records described in rule G-8(a)(xii);

(vii) if such broker, dealer or municipal securities dealer is subject to rule 15c3-1 under the Act, the general ledgers described in paragraph (a)(2) of rule 17a-3 under the Act;

(viii) the record, described in rule G-27(b)(ii), of each person designated as responsible for supervision of the municipal securities activities of the broker, dealer, or municipal securities dealer and the designated principal's supervisory responsibilities, provided that such record shall be preserved for the period of designation of each person designated and for at least six years following any change in such designation;

(~~viii~~ix) the records to be maintained pursuant to rule G-8(a)(xvi); provided, however, that copies of Forms G-37x shall be preserved for the period during which such Forms G-37x are effective and for at least six years following the end of such effectiveness;

(~~i~~x) the records regarding information on gifts and gratuities and employment agreements required to be maintained pursuant to rule G-8(a)(xvii);

(xi) the records required to be maintained pursuant to rule G-8(a)(xviii);

(xii) the records concerning secondary market trading account transactions described in rule G-8(a)(xxiv), provided, however, that such records need not be preserved for a secondary market trading account which is not successful in purchasing municipal securities;

(xiii) the records required to be maintained pursuant to rule G-8(a)(xxv);

(xiv~~ii~~) the records required to be maintained pursuant to rule G-8(a)(xxvi); and

(x~~i~~v) the records required to be maintained pursuant to Rule G-8(g)(iii).

(b) *Records to be Preserved for Four Years.* Every broker, dealer and municipal securities dealer shall preserve the following records for a period of not less than four years; provided, however, that each municipal securities dealer that is a bank or subsidiary or department or division of a bank shall preserve the following records for a period of not less than three years:

(i) – (v) No change.

(vi) the customer account information described in rule G-8(a)(xi), provided that records showing the terms and conditions relating to the opening and maintenance of an account shall be preserved for a period of at least six years following the closing of such account and records required by rule G-8(a)(xi)(F) relating to rule G-19 and Regulation Best Interest shall be preserved for a period of not less than six years after the earlier of the date the account was closed or the date on which the information was collected, provided, replaced, or updated;

(vii) – (xvii) No change.

(c) – (k) No change.

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Rule G-19: Suitability of Recommendations and Transactions

A broker, dealer or municipal securities dealer must have a reasonable basis to believe that a recommended transaction or investment strategy involving a municipal security or municipal securities is suitable for the customer, based on the information obtained through the reasonable diligence of the broker, dealer or municipal securities dealer to ascertain the customer's investment profile. A customer's investment profile includes, but is not limited to, the customer's age, other investments, financial situation and needs, tax status, investment objectives, investment experience, investment time horizon, liquidity needs, risk tolerance, and any other information the customer may disclose to the broker, dealer or municipal securities dealer in connection with such recommendation.

This rule shall not apply to recommendations subject to Regulation Best Interest, Rule 151-1 under the Act.

Supplementary Material

.01-.04 No change.

.05 Components of Suitability Obligations. Rule G-19 is composed of three main obligations: reasonable-basis suitability, customer-specific suitability, and quantitative suitability.

(a) – (b) No change.

(c) Quantitative suitability requires a broker, dealer or municipal securities dealer [who has actual or de facto control over a customer account] to have a reasonable basis for

believing that a series of recommended transactions, even if suitable when viewed in isolation, are not excessive and unsuitable for the customer when taken together in light of the customer's investment profile, as delineated in Rule G-19. No single test defines excessive activity, but factors such as the turnover rate, the cost-equity ratio, and the use of in-and-out trading in a customer's account may provide a basis for a finding that a broker, dealer or municipal securities dealer has violated the quantitative suitability obligation.

.06 No change.

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Rule G-20: Gifts, Gratuities, Non-Cash Compensation and Expenses of Issuance

(a) – (f) No change.

(g) *Non-Cash Compensation in Connection with Primary Offerings.* In connection with the sale and distribution of a primary offering of municipal securities, no broker, dealer or municipal securities dealer, or any associated person thereof, shall directly or indirectly accept or make payments or offers of payments of any non-cash compensation. Notwithstanding the foregoing and the general limitation of section (c) of this rule, the following non-cash compensation arrangements are permitted, provided that they are consistent with the applicable requirements of Regulation Best Interest, Rule 15l-1 under the Act:

(i) – (v) No change.

Supplementary Material

No change.

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Rule G-48: Transactions with Sophisticated Municipal Market Professionals

A broker, dealer, or municipal securities dealer's obligations to a customer that it reasonably concludes is a Sophisticated Municipal Market Professional, or SMMP, as defined in Rule D-15, shall be modified as follows:

(a) – (b) No change.

(c) *Suitability.* When making a recommendation subject to Rule G-19 and not Regulation Best Interest, Rule 15l-1 under the Act, a [The] broker, dealer, or municipal securities dealer shall not have any obligation under Rule G-19 to perform a customer-specific suitability analysis.

(d) – (e) No change.