

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 15l-1 under the Act (“Regulation Best Interest”). When making recommendations of securities transactions or investment strategies involving a municipal security or municipal securities to a retail customer, a bank dealer shall comply with Regulation Best Interest.

Supplementary Material No change.

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 broker, dealer, or municipal securities dealer shall not have any obligation under Rule G-19 to perform either (i) a customer-specific suitability analysis or (ii), unless the broker, dealer, or municipal securities dealer has actual control or de facto control of the SMMP’s account, a quantitative suitability analysis.

(d) – (f) No change.