

Rule G-27: [Supervision] Supervisory and Compliance Obligations of Brokers, Dealers and Municipal Securities Dealers

(a) – (f) No Change.

(g) *Definitions.* For purposes of this rule, the following terms have the following meanings:

(i) "Office of municipal supervisory jurisdiction" means any office of a dealer at which any one or more of the following functions take place with respect to municipal securities, subject to Supplementary Material .06 and .07 of this rule:

(A) – (G) No Change.

(ii) (A) A "municipal branch office" is any location where one or more associated persons of a dealer regularly conducts the business of effecting any transactions in, or inducing or attempting to induce the purchase or sale of any municipal security, or is held out as such, excluding:

(1) – (2) No Change.

(3) Any location, other than a primary residence, that is used for municipal securities activities for [less than 30] 90 business days or fewer in any one calendar year, provided the dealer complies with the provisions of clauses (ii)(A)(2)(a) through (h) above;

(4) – (7) No Change.

(B) – (C) No Change.

(iii) – (vi) No Change.

Supplementary Material

.01 - .05 No Change.

.06 Exemption of Excluded Public Finance Activities from Office of Municipal Supervisory Jurisdiction and Municipal Branch Office Designation. A location would not meet the definition of an office of municipal supervisory jurisdiction, as defined under subsection (g)(i), if any associated persons at such location engage in excluded public finance activities, as defined under Supplementary Material .07 of this rule, which would not be deemed structuring, and do not engage in any other activity that would require office of municipal supervisory jurisdiction designation. If a location satisfies the conditions set forth in subparagraph (g)(ii)(A)(2)(a) through (h) of this rule to exclude it from the definition of municipal branch office under paragraph (g)(ii)(A) of this rule, such location that is an associated person's primary residence

from which excluded public finance activities are conducted would be deemed a non-branch location, as long any associated person does not engage in any other activities that would require designation of such location as an office of municipal supervisory jurisdiction.

.07 Definition of Excluded Public Finance Activities. Notwithstanding paragraph (g)(i)(B) of Rule G-27, the term “excluded public finance activities” is defined as activities that are associated with the structuring of public offerings or private placements, including but not limited to debt modeling, financial analysis, number running, and the solicitation of issuers or obligated persons for the dealer’s investment banking services in connection with municipal securities (e.g., public finance banking services), but does not include final approval of a public offering or private placement transaction (i.e., structuring) conducted by the dealer. The aforementioned activities do not serve as an exhaustive list of activities that would be deemed excluded public finance activities, and therefore, other activities in furtherance of a public offering or private placement could be deemed excluded public finance activities if the dealer can demonstrate that such other activities do not include final approval of a public offering or private placement transaction conducted by the dealer.

Every dealer shall adopt compliance policies and procedures reasonably designed to make clear what action taken constitutes the final approval of a public offering or private placement transaction (i.e., structuring) conducted by the dealer. Dealers shall take into consideration all relevant factors in determining what action taken constitutes final approval of a public offering or private placement transaction (i.e., structuring) conducted by the dealer to ensure its compliance policies and procedures are reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable Board rules, and evidencing compliance to the appropriate examining authority.