



New Customer Complaint Rules Go Into Effect October 13

RULEMAKING INCLUDES DEVELOPING POLICIES AND PROCEDURS, CLIENT NOTIFCATIONS AND ESTABLISHING AND MAINTAINING AN ELECTRONIC CUSTOMER COMPLAINT LOG

MA's Must Notify Clients the Availability of a Client Brochure/How to File a Complaint

Under MSRB Rule G-10: Investor and Municipal Advisory Client Education and Protection, **MA's must notify clients promptly after the establishment of a municipal advisory relationship and once each calendar year thereafter, in writing (which may include electronic transmissions) about the availability of a client brochure on the MSRB's web site that provides information on the processes for filing a client complaint.** For current clients, MAs have until December 31, 2017 to send those notifications. Please note that these notifications may be included in other disclosures or information (e.g. scope of services contract) that are required to be sent to clients.

The following information related to client complaints must be included:

(i) a statement that the municipal advisor is registered with the U.S. Securities and Exchange Commission and the Municipal Securities Rulemaking Board;

(ii) the website address for the Municipal Securities Rulemaking Board [www.msrb.org]; and

(iii) a statement as to the availability to the customer of a brochure that is posted on the website of the Municipal Securities Rulemaking Board that describes (1) the protections that may be provided by the Municipal Securities Rulemaking Board rules and (2) describes how to file a complaint with an appropriate regulatory authority.

LINK TO BROCHURE: <http://www.msrb.org/~media/Files/Resources/MSRB-MA-Clients-Brochure.ashx?la=en>

MA's Must Use MSRB Standards to Maintain Client Complaint Log

In Rule G-8: Books and Records to be Made by Brokers, Dealers and Municipal Securities Dealers and Municipal Advisors, MAs must record complaints received in writing using a standard set of complaint product and problem codes. **This recording of complaints must be kept in an electronic log format for compliance purposes.** Please note that MAs have additional requirements to disclose written and oral complaints within SEC Form MA-I, that are different than what is required in G-8.

Components of the electronic log must include:

- Identifying information about the MA client (name, address, client account number or code)
- Date complaint was received
- Date of the activity that gave rise to the complaint
- Name of each person identified by the client in the complaint
- Nature of complaint
- Action taken by MA concerning the complaint
- Code from the Standard Set of Product and Problem Codes

The MSRB has developed a sample electronic complaint log and client complaint checklist that MAs are encouraged to use. Those resources may be found on the MSRB's web site [HERE](#).

MA's are encouraged to carefully review the [Client Complaint Product and Problem Codes Guide](#) to fully understand the various product and complaint codes.

Likely Product Codes Related to MA Work (this list is NOT comprehensive):

- 15: Debt-Municipal
- 39: Auction Rate Securities
- 42: Structured Products
- 00: Miscellaneous
- 18: No Product Code

Likely Complaint Codes Related to MA Work (this list is NOT comprehensive):

- 01: Misrepresentation
- 04: Suitability
- 05: Failure to Follow Instructions
- 06: Documentation
- 10: Disclosure of Fees
- 15: MA Conflict of Interest
- 31: Other Theft/Forgery
- 40: Miscellaneous

MA's Must Maintain and Keep Complaints Within Their Log System for Six Years

Under MSRB Rule G-9(h)(iii): Preservation of Records, MA's must keep complaints within their log for six years. For this recordkeeping task, the six years begin from the "date of the resolution of the complaint" (per MSRB's FAQs on MSRB Rules on Investor and MA Client Education and Protection).

Resources

[MSRB FAQs on MSRB Rules on Investor and Municipal Advisory Client Education and Protection](#)

[Rule G-10](#)