Sample policy

I. Introduction

A. Purpose of the Advertising Supervisory Procedures

B. Definitions of Key Terms Related to Advertising and Municipal Securities

II. Regulatory Overview

A. Summary of Relevant MSRB Rules, including Rule G-21 (Advertising) and Rule G-27 (Supervision)

B. Summary of FINRA, SEC, and other Relevant Advertising Regulations

C. Consequences of Non-Compliance with Advertising Rules

III. Designation of Supervisory Personnel

A. Appointment of Supervisor for Advertising Procedures

B. Roles and Responsibilities of the Advertising Supervisor

IV. Review and Approval of Advertising Materials

A. Process for Developing and Reviewing Advertising Materials

B. Criteria for Approval of Advertising Materials

C. Recordkeeping for Approved Advertising Materials

V. Content Standards

A. Requirements for Fair, Balanced, and Not Misleading Information

All advertising materials relating to municipal securities should provide information that is fair, balanced, and not misleading. This means that all claims or statements made within the material must be accurate, clear, and sufficiently complete to avoid misconceptions. The materials should not overemphasize potential benefits without also adequately disclosing the associated risks. Any forecasts, trends, or predictions must be based on reasonable assumptions and clearly labeled as such. Information should be presented in a manner that is understandable to the intended audience.

B. Use of Comparisons, Rankings, or Ratings in Advertising

Comparisons, rankings, or ratings used in advertising materials must be factual, clear, and not misleading. They should only be used if they are relevant, appropriate, and drawn from recognized sources or methodologies. Adequate disclosure should be made about the source of the comparison, ranking, or rating, and the basis upon which it was established. Any limitations or caveats associated with the comparison, ranking, or rating must also be clearly disclosed.

C. Presentation of Risks and Potential Benefits

Advertising materials should present a balanced view of both the potential benefits and the risks associated with the municipal securities. Potential benefits should not be overemphasized to the detriment of risk disclosure. The risks should be clearly articulated in a way that is easy for the intended audience to understand. This includes, but is not limited to, credit risk, market risk, liquidity risk, and reinvestment risk. Any assumptions or conditions upon which the benefits are based should also be clearly disclosed.

D. Use of Predictive or Projected Performance Figures

Predictive or projected performance figures should be used with caution in advertising materials. They must be based on reasonable and supportable assumptions and clearly labeled as estimates or projections. There should be a clear statement that the projections are not guaranteed and are subject to risks and uncertainties that could lead to actual results differing materially from the projections. Where past performance data is used, it should be accompanied by a disclaimer that past performance is not indicative of future results. It should also be clear that investment in municipal securities involves the risk of loss, and that investors should be prepared to bear this risk.

VI. Specific Rules for Different Types of Advertisements

A. Requirements for Institutional Communications

Institutional communications are those distributed or made available only to institutional investors. They should contain clear and concise information, be accurate, and not misleading. In these communications, it can be assumed that the recipient is capable of independently evaluating the investment risks. Nevertheless, clear disclosure of risks, potential benefits, and relevant comparisons or rankings should be included.

B. Requirements for Retail Communications

Retail communications are those intended for distribution or made available to retail investors. These require a higher level of scrutiny due to the potentially less sophisticated audience. Retail communications should contain balanced descriptions of the product or service, including potential benefits and associated risks. Any complex investment concepts should be explained clearly and simply. The use of technical jargon should be minimized unless it is explained thoroughly.

C. Rules for Correspondence with Customers and Prospects

Correspondence includes written letters, emails, and other non-public, one-on-one communication with customers or prospects. All correspondence must be clear, accurate, and not misleading. It should also be tailored to the recipient's level of understanding. Prior to sending any correspondence containing recommendations or marketing materials, it must be reviewed and approved by the designated supervisor.

D. Guidelines for Digital and Social Media Communications

Digital and social media communications encompass all communications made through websites, blogs, social media platforms, and other online mediums. These communications must adhere to the same content standards as other forms of communication, including being fair, balanced, and not misleading. Any recommendations or endorsements made via these channels must be clearly identified as such. Also, records of digital and social media communications must be kept according to regulatory recordkeeping requirements.

VII. Procedures for Correcting Misleading or Inaccurate Information

A. Process for Identifying and Correcting Misleading Information

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A. Training Requirements for Staff Involved in Developing and Approving Advertising Materials

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A. Process for Regular Audits of Advertising Materials

B. Process for Handling Compliance Issues Found during Audits

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A. Recordkeeping Requirements for Advertising Materials

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