



Municipal Advisory Regulations & Contracts Overview

Training Session

April 2026

CONFIDENTIAL

PFM Financial Advisors
LLC

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Presenters

Cheryl Maddox **Chief Legal and Compliance Officer**

Ms. Maddox joined PFM in 2014 and in her role as Chief Legal and Compliance Officer leads the firm's legal and compliance efforts.



Today's Presenters

Rosemarie Hoslyn **Associate General Counsel**

Ms. Hoslyn joined PFM in 2015 and in her role as Associate General Counsel assists the firm's Chief Legal and Compliance Officer in the management of the firm's legal and compliance matters.



Today's Presenters

Gloria Wells **Compliance Director**

Gloria Wells joined PFM in 2000 and is currently Compliance Director in the Legal and Compliance Group.

Ms. Wells assists the Chief Legal and Compliance Officer with executing the strategy and overall direction of the municipal advisor compliance program, identifies and mitigates potential risks and conflicts, manages individual and firm registrations and delivers training and support to employees and municipal advisor representatives on compliance matters.

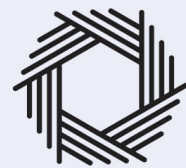


Practical Areas to Consider

- ◆ How does regulation affect Issuers/Borrowers & Service Providers?

- ◆ What is the regulatory context for municipal entities?

- ◆ What are the benefits of these regulations?
 - Municipal entities
 - Service providers
 - Investors



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Regulatory Background and Context

Municipal Advisor Regulation



Regulation of Municipal Advisors - SEC



In September 2013, the SEC promulgated a final registration rule (SEC Final Rule) on municipal advisors that:

- ◆ Defined categories of persons considered MAs
- ◆ Established a permanent MA registration regime
- ◆ Established recordkeeping requirements for MAs
- ◆ Examination of municipal advisory firms would be conducted by SEC and FINRA



Role of the Municipal Advisor - SEC



Fiduciary Duty



Reducing Borrowing
& Issuance Costs



Better Financing
Terms



Improve Capital
Formation



Positive Impact
on Taxpayers



Regulatory Oversight
Over Standards

-Source: SEC Registration of Municipal Advisors Release



Regulations on Municipal Advisors - MSRB



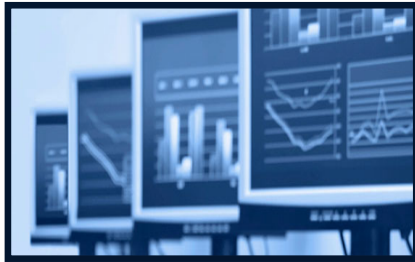
Dodd-Frank charged the MSRB with developing regulatory framework for Municipal Advisors to:

- ◆ Protect entities that engage the services of a municipal advisor
- ◆ Promote a fair and efficient market
- ◆ Preserve municipal market integrity



Providing Municipal Financial Advice

◆ What is advice under Rule 15Ba1-1(d)(1)(ii)



Recommendations of municipal financial products



Recommendations for the issuance of municipal securities



Recommendations based on the structure, timing, and terms of municipal products or issuance of municipal securities



Recommendations particularized to the specific needs, objectives, and/or circumstances of municipal entity or obligated person



The Primary Additional Market Participants



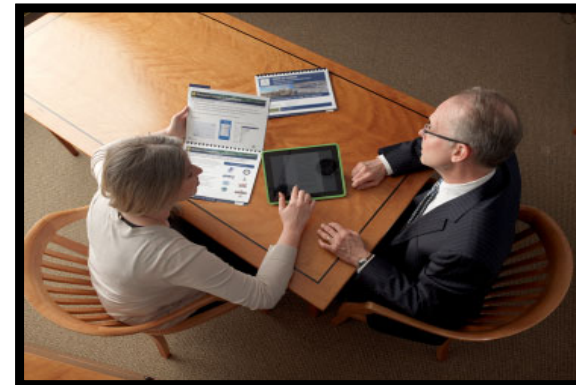
Underwriters & Banks



Registered Investment
Advisers



Attorneys, Engineers,
Accountants, Public Officials
and Employees



Registered Commodity Trading
Advisors & Swap Dealers



Helpful Online Resources

Background and Additional Information:

SEC's Frequently Asked Questions concerning the MA Rule, (last updated 03/20/2023)

<http://www.sec.gov/info/municipal/municipal-advisors-faqs.shtml>

SEC Final Municipal Advisor Registration Rule

<http://www.sec.gov/rules/final/2013/34-70462.pdf>

SEC Office of Municipal Securities

<http://www.sec.gov/municipal>

Registered Municipal Advisors:

SEC Listing of Municipal Advisor Registration

<http://www.sec.gov/edgar/searchedgar/companysearch.html>

MSRB Listing of Registered Municipal Advisors

<http://www.msrb.org/MARegistrants.aspx>

MSRB Information for Municipal Advisory Clients

<http://www.msrb.org>

SEC Enforcement Actions – OMS

<https://www.sec.gov/municipal/oms-enforcement-actions.html>



Poll Question #1:

Which of these is not considered “Advice” under the SEC Municipal Advisors Rule?

- ◆ Recommendations for the issuance of municipal securities
- ◆ Recommendations of municipal financial products
- ◆ Recommendations particularized to the specific needs, objectives, and/ or circumstances of the municipal entity
- ◆ Recommendations based on the structure, timing, and terms of municipal products or issuance
- ◆ All of the above are considered “Advice” under the SEC Municipal Advisors Rule



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Recent SEC Enforcement Actions



SEC Enforcement Actions - Hot Topics

- ❖ [SEC Exam Priorities 2026](#) (grounded in advancing SEC's four pillars to promote compliance, prevent fraud, inform policy, and monitor risk)
 - Reevaluating risk-based priorities
 - Providing transparency of key examination observations for, among other things, increased consistency across examinations
 - Specifically, for Municipal Advisors:
 - Fiduciary Duty – pricing and [method of sale](#)
 - Compliance with G-42 standards of conduct – disclosures of conflicts of interest and documentation of municipal advisory relationship
 - Registration requirements – professional qualifications, registration, recordkeeping, and supervision of municipal advisory activities



Enforcement Actions – Municipal Advisors (2024-2025)

- SEC charges 12 municipal advisors for recordkeeping failures (September 2024)
 - Most recent MA-focused enforcement action related to off-channel communications and recordkeeping.

- 2025 Administrative Orders – Unregistered municipal advisory activity
 - Agentis Capital Advisors (May 30, 2025)
 - Unregistered advisory activity in P3 financings (~\$1.9B)
 - Highmark School Development (June 2, 2025)
 - Unregistered advisory activity in charter-school financings; \$40K penalty

2025–2026 Trend

- No new MA-specific enforcement actions announced since mid-2025
- Reflects broader SEC shift toward:
 - Fewer, more targeted cases
 - Focus on clear violations (unregistered activity, fraud)
- Expectations remain unchanged despite reduced enforcement volume”



Communication with Clients and Others - Correspondence



All written correspondence relating to the Firm's business and clients, including municipal advisory activities, in whatever format (physical or electronic), to or from any person both internal and external to the Firm, whether using a PFM-issued or personally owned device must be made and retained in accordance with SEC and MSRB requirements.

OFF-CHANNEL COMMUNICATIONS ARE PROHIBITED!

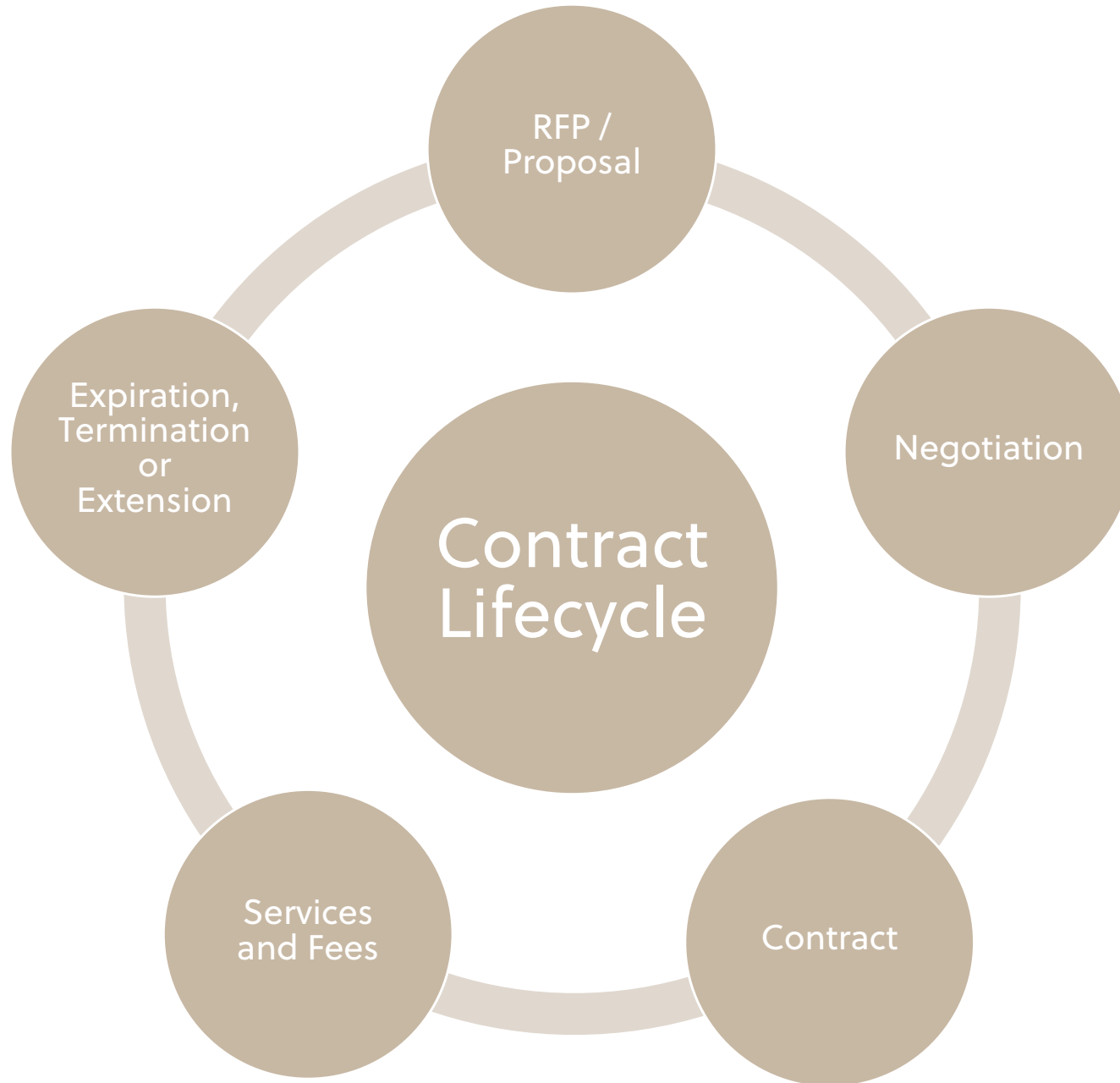




Key Contract Considerations



Contract Lifecycle





Documentation of MA Relationships – MSRB Rule G-42

- ◆ When **beginning a municipal advisory relationship with a client, municipal advisors must put into writing the details of the relationship**, including compensation structure, scope of activities, required disclosures and any means for terminating the relationship.
- ◆ The **documentation can take the form of a contract, engagement letter or other writing.**





Key Contracting Considerations

- ◆ Appropriate uses of contract templates and standard language
- ◆ The process for contract review
- ◆ Contract elements that may cause concern
- ◆ Determining when contract amendments are necessary
- ◆ Contract renewal or extension process



Poll Question #2:

True or False

MSRB Rule G-42

requires a Municipal Advisor to put in writing all of these at the beginning of a client relationship.

- ◆ Compensation structure
- ◆ Scope of activities
- ◆ Required disclosures
- ◆ Means for terminating the client relationship

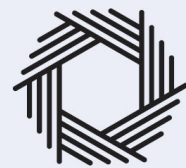


Poll Question #2:

True ~~or False~~

***MSRB Rule G-42
requires a Municipal
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writing all of these at
the beginning of a
client relationship.***

- ◆ Compensation structure
- ◆ Scope of activities
- ◆ Required disclosures
- ◆ Means for terminating the client relationship



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The “IRMA exemption” Who, What, Why, and How?



IRMA exemption – Who? & What?

◆ **Who** will likely most often rely on an IRMA exemption?

- ❖ Underwriters & Banks
- ❖ Attorneys, Engineers, Accountants
- ❖ Registered Commodity Trading Advisors & Swap Dealers

◆ **What** is an IRMA exemption to MA Rule registration?

- ❖ An “IRMA” is an “independent registered municipal advisor”
- ❖ The SEC has defined within the MA Rule an “IRMA exemption”
- ❖ An “IRMA exemption” exempts from the definition of an MA anyone engaging in municipal advisory activities if the client [municipal entity/ obligated person] is represented by an “IRMA,” provided that certain requirements are met
- ❖ The IRMA exemption may still apply even if the IRMA’s advice is not followed as long as the IRMA’s analysis has been considered and all other requirements are satisfied



IRMA exemption – Why?

- ◆ SEC rules allow a municipal entity/obligated person that is represented by an independent registered MA (an “IRMA”), to receive advice from other third parties (e.g., underwriters)
 - Such interaction is deemed consistent with the public interest, investor protection, and the purposes of Section 15B of the Exchange Act.
- ◆ The IRMA exemption allows non-registered parties to a municipal securities transaction and others who are not registered municipal advisors to share ideas and information with municipal entities/obligated persons, so long as the municipal entity/obligated person is represented by an IRMA with a fiduciary duty.
- ◆ Engagement of an IRMA indicates that the municipal entity / obligated person intends to rely on the advice of its municipal advisor.



IRMA exemption – How?

◆ **How** the IRMA exemption applies:

- ❖ IRMA (independent registered municipal advisor) must be providing advice on the same topic or transaction as the entity seeking to rely on the IRMA exemption.
- ❖ A person (i.e. an underwriter) seeking to rely on an IRMA exemption must receive from the municipal entity/obligated person a representation in writing that it is represented by, and will rely on the advice of, an IRMA;
 - The municipal entity/obligated person should review its representations from time to time to maintain accurate information
- ❖ Such person (i.e. an underwriter) must provide the required disclosures to the municipal entity/ obligated person, and provide a copy to the municipal entity/ obligated person's IRMA.
- ❖ All parties involved in the municipal advisory activities (IRMA entity and its employees as well as the market participant seeking exemption and its employees) must be independent from one another.



Poll Question #3:

***Which of these
Service Providers
are not likely to rely
upon the IRMA
exemption to
provide "Advice"?***

- ◆ Underwriters and Banks
- ◆ Attorneys and Accountants
- ◆ Registered Municipal Advisors
- ◆ Engineers and Consultants
- ◆ Municipal Entity Employees



Poll Question #3:

***Which of these
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- ◆ Underwriters and Banks
- ◆ Attorneys and Accountants
- ◆ Registered Municipal Advisors
- ◆ Engineers and Consultants
- ◆ Municipal Entity Employees



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Concluding Remarks



Affirmative Actions for Issuers / Borrowers



Monitor the Market and Regulatory Environment



Seek Legal Counsel



Engage Financial Team Early



Disclosures

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