

**David Medanich**

Vice Chairman, Public Finance

**Date:** November 26, 2019

**Subject:** MSRB Rule G-10 2019 Annual Disclosure

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MSRB Rule G-10 covers Investor and Municipal Advisory Client education and protection. This rule requires that municipal advisors make certain disclosures to all municipal advisory clients. This communication is a disclosure only and does not require any action on your part. The disclosures are noted below.

1. Hilltop Securities Inc. is registered with the U.S. Securities and Exchange Commission and the Municipal Securities Rulemaking Board as a Municipal Advisor
2. You can access the website for the Municipal Securities Rulemaking Board at [www.msrb.org](http://www.msrb.org)
3. The Municipal Securities Rulemaking Board has posted a municipal advisory client brochure. A copy of the brochure is attached to the memo. This link will take to you to the electronic version [MA-Clients-Brochure](#).

This communication is for information only, not an offer, solicitation or recommendation, nor an official confirmation of any financial transaction. It is not to be considered research. The information is considered to be reliable, but Hilltop Securities Inc. does not warrant its completeness or accuracy, prices and availability are subject to change without notice. Clients should consult their own advisors regarding any accounting, legal or tax aspects. Investors are instructed to read the entire Official Statement to obtain information essential to the making of an informed investment decision.



## Information for Municipal Advisory Clients

The Municipal Securities Rulemaking Board (MSRB) provides significant protections for municipal entities and obligated persons that are clients of a municipal advisor. Certain of those protections also apply to potential clients of a municipal advisor. Municipal advisors must comply with our rules when engaging in municipal advisory activities.

This document summarizes key principles of our rules that protect you. It also provides information on how to file a complaint against a municipal advisor with the appropriate federal regulatory authority. For the complete text of the rules and additional educational information, visit the MSRB's website at [www.msrb.org](http://www.msrb.org).

**Professional Competency.** Our rules require that your municipal advisor meet professional qualification requirements based on its municipal advisory activities. Beginning January 1, 2018, our rules require that municipal advisors also meet continuing education requirements.

**Fair Dealing.** Our rules require that your municipal advisor deal fairly with you and not engage in any deceptive, dishonest or unfair practice. Your municipal advisor must satisfy a duty of care. Your municipal advisor's recommendations must be suitable, and your municipal advisor's compensation for its recommendations must not be excessive.

To help make sure that your municipal advisor is providing unbiased advice, our rules address potential conflicts of interest, including gift-giving and political contributions. Our rules generally prohibit a municipal advisor from advising or soliciting a municipal entity within two years of a political contribution to an official of that municipal entity.

Our rules also require that you receive certain disclosures from your municipal advisor so you are aware of information that is material to your decision-making. If you are receiving advice from your municipal advisor, your municipal advisor must disclose, in writing, all material conflicts of interest, and all legal and disciplinary events material to your evaluation of your municipal advisor. We refer to this as a “full and fair” disclosure under our rules.

## Terms as Used in this Brochure

- **You:** A municipal advisory client, including:
  - **Municipal Entity:** A state, political subdivision of a state, or municipal corporate instrumentality of a state, including a public pension plan.
  - **Obligated Person:** Any person (including the issuer) legally committed to support payment of all or part of an issue of municipal securities, other than certain unrelated providers of credit or liquidity enhancement.
- **Municipal Advisory Activities**
  - **The provision of advice** to you with respect to municipal financial products or the issuance of municipal securities.
  - **Solicitation** of you on behalf of certain third parties to purchase a product or service.

You are also protected by our fair dealing rules if you are solicited by a municipal advisor on behalf of a third-party municipal securities dealer, municipal advisor or investment adviser to buy certain products or services. That municipal advisor must disclose all material facts about the solicitation, including all material risks and characteristics of the product or service.

**Duty of Loyalty.** If you are a municipal entity, our rules provide extra protections when your municipal advisor advises you about municipal financial products or the issuance of municipal securities. Your municipal advisor must deal honestly and with the utmost of good faith, and act in your best interests without regard to its financial or other interests.

**Periodic Disclosure.** Your municipal advisor must periodically provide you with the following:

- a statement that it is registered with the MSRB and the Securities and Exchange Commission (SEC);
- the MSRB’s website address; and
- a statement as to the availability of this brochure.

**Documentation.** When hiring a municipal advisor to provide advice, your municipal advisor must give you a written document outlining certain terms of its relationship with you.

## Remedies for Disputes

If you have a dispute with your municipal advisor firm or representative, you should try to — but do not have to — resolve it with the individual or a supervisor. In some cases, you may not be able to resolve the dispute.

## Filing a Complaint

Regardless of whether you have tried to resolve your complaint directly, you may file a formal complaint with the regulatory agency that examines your municipal advisor for compliance with MSRB rules. You also may contact the MSRB, at 1300 I Street NW, Suite 1000, Washington, DC, 20005, 202-838-1330, [complaints@msrb.org](mailto:complaints@msrb.org), and we will forward the complaint to the appropriate enforcement agency listed below.

To expedite the handling of your complaint, please be as specific as possible as to the nature of the complaint, including detail about the representative and/or firm involved. Please provide your name, phone number, email address and mailing address.

### If you have a complaint about a potential violation of MSRB rules or other federal securities laws, contact:

**U.S. Securities and Exchange Commission**  
SEC Center for Complaints and Enforcement Tips  
100 F Street, N.E.  
Washington, DC 20549-5990  
<https://www.sec.gov/reportspubs/investor-publications/complaintshtml.html>

Or use the online portal at:  
<https://denebleo.sec.gov/TCRExternal/index.xhtml>

### If you have a complaint about your municipal advisor or about the municipal securities market, contact:

**U.S. Securities and Exchange Commission**  
Office of Municipal Securities  
100 F Street, N.E.  
Washington, DC 20549  
(202) 551-5680

### If you have a complaint against your municipal advisor that is also registered with FINRA as a dealer, contact:

**FINRA Investor Complaint Center**  
9509 Key West Avenue  
Rockville, MD 20850-3329  
(240) 386-4357  
<http://www.finra.org/investors/problem>

Or use the online portal at:  
<http://www.finra.org/investors/investor-complaint-center>

*Municipal advisors that also act as municipal securities dealers must follow additional rules. For more information about the regulatory protections for investors, see the [MSRB's Information for Municipal Securities Investors brochure](#).*

#### About the MSRB

The MSRB protects investors, state and local governments and other municipal entities, and the public interest by promoting a fair and efficient municipal securities market. The MSRB fulfills this mission by regulating the municipal securities firms, banks and municipal advisors that engage in municipal securities and advisory activities. To further protect market participants, the MSRB provides market transparency through its [Electronic Municipal Market Access \(EMMA®\)](#) website, the official repository for information on all municipal bonds. The MSRB also serves as an objective resource on the municipal market, conducts extensive education and outreach to market stakeholders, and provides market leadership on key issues. The MSRB is a Congressionally-chartered, self-regulatory organization governed by a 21-member board of directors that has a majority of public members, in addition to representatives of regulated entities. The MSRB is subject to oversight by the Securities and Exchange Commission.