**Section 1.5021 Bond Issuances**

a) Definitions. For the purposes of this Section 1.5021, the following listed terms shall have the same meaning as in the Code and as further defined in this subsection (a).

1) "Entity" means brokers, dealers and municipal securities dealers as defined in, and subject to, Rule G-37 and Rule G-38 of the Municipal Securities Rulemaking Board (MSRB).

2) *"Independent Consultant" means a person used by the entity to obtain or retain securities business through direct or indirect communication by the person with a State official or employee* (including an official or employee of the State agency) on behalf of the entity when the communication is undertaken by the person in exchange for or with the understanding of receiving payment from the entity or other person. Independent Consultant does not include:

A) *a finance professional employed by the entity; or*

B) *a person whose sole basis of compensation from the entity is the actual provision of legal, accounting or engineering advice, services or assistance in connection with the securities business that the entity seeks to obtain or retain.* [30 ILCS 500/50-21(a)]

3) "Issuance of bonds or other securities by the State agency" means the purchase or placement on other than a competitive bid of a primary offering of the State agency's general obligation municipal securities.

4) "Issuance by the State agency" means the issuance of bonds or other securities by the State agency when acting as a governmental issuer specified in MSRB Rule G-37.

5) "MSRB Rule G-37" and "MSRB Rule G-38" refer to the Municipal Securities Rulemaking Board rules in effect on August 6, 2012, or any successor rules adopted by the MSRB on the same subject after August 6, 2012, as provided in Section 50-21(b) and (c) of the Code. MRSB Rule 37 went into effect April 25, 1994, and MRSB Rule G-38 went into effect on August 29, 2005. Copies of G-37 and G-38 are available to the public at the MSRB website: http://www.mrsb.org, at the United States Security and Exchange Commission's website: http://sec.gov, and at the office of the CPO-GS. (See 30 ILCS 500/50-21(b) and (c).)

b) Use of Independent Consultants

1) Section 50-21(a) of the Code prohibits the State agency from entering into a contract with respect to the issuance of bonds or other securities by the State agency with any entity that uses an independent consultant to obtain or retain securities business through direct or indirect communications by the person with a State official or employee, including an official or employee of the State agency. Use of an independent consultant is also prohibited by MSRB Rule G-38. Every contract between the State agency and an entity relating to the issuance of bonds or other securities by the State agency shall include a certification that the entity did not use an independent consultant to obtain the contract and that the entity has not been found to have knowingly violated in Illinois MSRB Rule G-38 (or any successor rule) with respect to the prohibition on obtaining or retaining municipal securities business.

2) In the event a federal agency finds that an entity has knowingly violated MSRB Rule G-38 in the State of Illinois, the CPO-GS shall bar that entity from participating in any contract with respect to the issuance of bonds or other securities by any of the State agencies for a period of one year as specified in Section 50-21(c) of the Code.

c) Prohibited Political Contributions

1) Section 50-21(b) of the Code requires that every contract between the State agency and an entity relating to the issuance of bonds or other securities by the State agency include a certification that the entity is, and will remain for the duration of the contract in compliance with the MSRB Rule G-37 requirement for reporting political contributions and that the entity has not been found to have knowingly violated in Illinois MSRB Rule G-37 (or any successor rule) with respect to the making of prohibited political contributions or payments. Failure to remain in compliance throughout the term of the contract shall make the contract voidable by the CPO-GS.

2) In the event a federal agency finds that an entity has knowingly violated MSRB Rule G-37 in the State of Illinois by making prohibited political contributions, the CPO-GS shall impose a penalty that is at least twice the fine assessed by the federal agency. In addition, the CPO-GS shall bar the entity from participating in any contract with respect to the issuance of bonds or other securities by any of the State agencies for a period of one year as specified in Section 50-21(c) of the Code.

(Source: Amended at 38 Ill. Reg. 20884, effective October 31, 2014)