

FSI PAC FAQs

WHAT IS A PAC?

A Political Action Committee (PAC) is a legal mechanism for individuals to combine financial resources to support political candidates who support their interests. Multicandidate PACs can give \$5,000 to a federal candidate committee per election – primary, general, or special. They also can give up to \$15,000 annually to any national party committee and \$5,000 annually to any other PAC.

WHY DID FSI ESTABLISH A PAC?

FSI PAC is an important tool for maximizing our impact on issues critical to our industry. The mission of FSI PAC is to build strong relationships with lawmakers, and to ensure that all individuals have access to competent and affordable advice, products and services delivered by a growing network of independent financial advisors and independent financial services firms.

By pooling financial resources and supporting candidates who share our vision, members of FSI PAC help protect access to advice for Main Street Clients.

FSI PAC supports candidates who demonstrate an understanding of the issues that are important to FSI's members and share our vision of investment advice for all. In determining how funds shall be distributed, FSI PAC considers these criteria:

- Whether the candidate serves on a committee of jurisdiction important to the financial services industry
- Whether the candidate holds a leadership or policy-shaping position or is likely to hold such a position in the future
- Geographic location of the candidate's district as it relates to FSI members; and
- Voting record on financial issues that are of importance to FSI and our members.

WHO IS IN CHARGE OF FSI PAC?

FSI PAC's bylaws provide for a volunteer Board of Directors comprised of

- An FSI PAC Chair, who is nominated by the Chair of FSI's Board of Directors,
- FSI's President & CEO, who serves as Treasurer of FSI PAC,
- FSI's General Counsel & Director of Government Affairs, who serves as Assistant Treasurer of FSI PAC, and
- No more than four other members of the association who serve two-year terms.

ARE PACs REGULATED?

Yes. PACs must file periodic reports with the FEC to show where they got their funds and how the funds were used. This allows voters to find out exactly who provides financial backing for candidates. FSI PAC's reports are located on the [FEC website](#).

WHAT ARE THE GUIDELINES OF GIVING MONEY TO A PAC?

Except in extremely limited circumstances, federal law only allows PACs to accept contributions from individuals. A PAC is not permitted to accept corporate checks, contributions of more than \$5,000 per year, contributions from a foreign national unless admitted for permanent residence in the U.S. (i.e., a green card holder), contributions in the name of another person, or contributions from an LLC unless the LLC has elected to be treated as a partnership for tax purposes or has

only one natural person member and the contribution is attributed to one or more individual members.

HOW MUCH CAN I CONTRIBUTE TO A PAC IN FEDERAL ELECTIONS?

Federal law limits the contributions of individual U.S. citizens to \$5,000 per calendar year to a PAC. Updated information can be found on the [Federal Election Commission website](#).

WHAT IS THE MAXIMUM THAT CAN BE CONTRIBUTED BY AN INDIVIDUAL TO MULTIPLE PACs?

Individuals may support as many candidates, political parties and PACs as they like, provided they adhere to the base contribution limits applicable to those candidates and committees, which currently are as follows: \$2,800 per candidate, per election; \$35,500 per calendar year to any national party committee and \$5,000 per calendar year to any PAC. Updated information can be found on the [Federal Election Commission website](#).

CAN MY CORPORATION OR LLC CONTRIBUTE TO FSI PAC?

In general, the answer is no. Federal law and the laws of many states prohibit corporations from using general corporate funds for candidate contributions. However, contributions from an LLC may be allowed if the LLC has elected to be treated as a partnership for tax purposes or has only one natural person member and the contribution is attributed to one or more individual members.

IS A CONTRIBUTION TO FSI PAC A CHARITABLE CONTRIBUTION?

No. Under federal election and tax laws, contributions to FSI PAC are not deductible as charitable contributions for federal income tax purposes.

ARE CONTRIBUTIONS TO FSI PAC A REQUIREMENT OF MEMBERSHIP IN FSI?

Contributions to FSI PAC are strictly voluntary and not part of any membership “requirement.” However, FSI strongly encourages eligible members to contribute to FSI PAC. These resources are essential to the achievement of our member’s advocacy objectives.

HOW IS MY FSI PAC CONTRIBUTION USED?

FSI PAC supports candidates for federal office who demonstrate an understanding of the issues that are important to FSI’s members and share our vision of investment advice for all. In determining how funds shall be distributed, FSI PAC considers these criteria:

- Whether the candidate serves on a committee of jurisdiction important to the financial services industry
- Whether the candidate holds a leadership or policy-shaping position or is likely to hold such a position in the future
- Geographic location of the candidate’s district as it relates to FSI members; and
- Voting record on financial issues that are of importance to FSI and our members.

WHAT IMPACT DOES MSRB RULE G-37 OR THE SEC AND FINRA “PAY TO PLAY” RULES HAVE ON MY ABILITY TO CONTRIBUTE TO FSI PAC?

The purpose of MSRB Rule G-37 and the SEC and FINRA “pay to play” rules is to promote just and equitable principles of trade by prohibiting brokers, dealers, investment advisers and municipal securities dealers from engaging in municipal securities business with issuers if certain

political contributions have been made to officials of the issuer. These rules do not prohibit political contributions. However, they may limit a contributor's ability to engage in municipal securities business or provide investment adviser services.

The MSRB rule requires each dealer to submit to the MSRB on Form G-37 information on its municipal securities business, as well as contributions to issuer officials and payments to state or local political parties made by the dealer, its municipal finance professionals (MFPs), and non-MFP executive officers, and PACs controlled by the dealer or its MFPs. In addition, Rule G-37 prohibits any dealer from engaging in municipal securities business with an issuer within two years after any contribution to an "official of such issuer" made by:

- the dealer;
- any MFP associated with such dealer;
- or any PAC controlled by the dealer or any municipal finance professional.

Rule G-37 also prohibits any dealer from soliciting any person or PAC to contribute to an official of an issuer with which the dealer is engaging or seeking to engage in municipal securities business.

The SEC and FINRA "pay to play" rules are very similar. They prohibit an investment adviser from providing advisory services for compensation to a government client for two years after the adviser or certain of its executives or employees contribute to certain elected officials or candidates. The SEC and FINRA "pay to play" rules also contain anti-circumvention measures that extend the reach of the rule to contributions made "indirectly" by an investment adviser.

FSI PAC policy is designed to facilitate compliance with MSRB Rule G-37 and the SEC and FINRA "pay to play" rules. More details are provided below.

Finally, be sure you check with your firm's MSRB G-37 and SEC and FINRA "pay to play" compliance requirements before making any contribution to FSI PAC.

WHAT IS THE FSI PAC'S POLICY WITH REGARD TO MSRB RULE G-37 AND THE SEC AND FINRA "PAY TO PLAY" RULES?

FSI PAC's policy with regard to MSRB Rule G-37 and the SEC and FINRA "pay to play" rules is that contributions will only be made to candidates for federal office who do not currently hold a position as an "official of an issuer," as Rule G-37 defines that term or a public official covered by the SEC or FINRA pay-to-play rules. As a result, FSI PAC does not contribute to: (1) any candidates for state, county, or local office, (2) any candidates for federal office that currently hold a position as an "official of an issuer," or (3) any PACs that contribute to any "officials of an issuer." This policy insures that FSI PAC will avoid contributions to candidates who are associated with governmental entities that issue municipal securities or may be in a position to influence the award of investment adviser contracts. In this way, FSI PAC facilitates compliance with MSRB Rule G-37 and the SEC and FINRA "pay to play" rules. Be sure you check with your firm's MSRB Rule G-37 and SEC and FINRA "pay to play" compliance requirements before making any contribution to FSI PAC.

WHAT PERCENTAGE OF MY CONTRIBUTION IS USED FOR OVERHEAD AND ADMINISTRATION OF THE FSI PAC?

Less than one percent. Virtually every dollar you contribute to the FSI PAC is used in support of our mission. Under FEC rules, FSI is allowed to pay most administrative expenses of FSI PAC with association funds, maximizing our ability to use virtually all member contributions to support candidates.

WHERE CAN I OBTAIN ADDITIONAL INFORMATION ON CONTRIBUTIONS TO CANDIDATES FOR FEDERAL OFFICE AND/OR PACs?

Additional information can be obtained at the [Federal Election Commission's website](#).

IS THERE SOMEONE I CAN TALK TO IF I HAVE ADDITIONAL CONCERNS OR QUESTIONS?

Matt Landers, FSI's Director of Membership Engagement & Political affairs can be reached at 202-499-7211, or by email at matt.landlers@financialservices.org.

Disclaimer: The information contained herein is not offered as legal advice, and you should not rely on it as such. Instead it is offered as general background information. You should consult with a lawyer of your choice for specific legal advice.

***Member participation in FSI PAC is strictly voluntary. For further information about political action committees and their guidelines, visit fec.gov.**