Brooke E. Lierman
Comptroller of Maryland

COMPTROLLER of MARYLAND
SERVING THE PEOPLE

News Release

Comptroller Lierman Urges SEC to Preserve Rule Protecting Public Pension Funds from Political Influence

Comptroller warned that repealing the rule would weaken safeguards for beneficiaries, shift oversight burdens to states, and leave public investors relying on after-the-fact enforcement

ANNAPOLIS, Md. (November 9, 2026) — Comptroller Brooke E. Lierman today submitted formal comments urging the U.S. Securities and Exchange Commission (SEC) to withdraw its proposal to rescind Rule 206(4)-5, a federal rule that prevents political contributions from influencing which investment advisers are hired to manage public funds, a practice commonly known as “pay-to-play.” The rule generally bars investment advisers from being paid by government clients, such as public pension funds, for two years after making political contributions to officials who can influence which advisers are hired.

The Comptroller warned that rescinding the rule would remove a key safeguard against political influence in public investment decisions, expose pension beneficiaries and taxpayers to unnecessary risks, and undermine public confidence in how public funds are managed.

The Comptroller noted that the SEC’s proposal focuses on compliance costs for investment advisers while overlooking the costs to public pension systems, beneficiaries, and taxpayers. Without a federal rule, each state and pension system

would be left to track advisers' political contributions, monitor for conflicts of interest, and write its own safeguards into contracts. Advisers managing funds in multiple states would face a patchwork of different requirements.

The Comptroller agreed that parts of the rule are overly complex, including how it treats small political contributions and unintentional violations. Rather than eliminating the rule, she recommended that the SEC update its exceptions for small contributions, clarify which of an adviser's executives and employees are covered, and create a clearer process for correcting inadvertent violations.

Read the Comptroller's full comment.

###

Media Contacts

Jeremy Ames

james@marylandtaxes.gov

443-336-8162 (cell)

Bruce Nilson

bnilson@marylandtaxes.gov

443-254-6153 (cell)

Comptroller of Maryland, 80 Calvert Street, Annapolis, Maryland 21401, United States