



June 28, 2021

Mr. Ronald W. Smith
Corporate Secretary
Municipal Securities Rulemaking Board
1300 I Street NW Suite 1000
Washington, DC 20005

Re: Request for Comment on Amendments to Rule G-10 Notification Requirements for Dealers

Dear Mr. Smith:

The American Securities Association (ASA)¹ appreciates this opportunity to comment on the Municipal Securities Rulemaking Board's (MSRB) proposed amendment to MSRB Rule G-10 and associated draft amendment to Rule G-48 that deal with notifications dealers are required to provide customers regarding the application of MSRB and Securities and Exchange Commission (SEC) rules to municipal security transactions. (Proposal)

The ASA largely supports the Proposal and is pleased the MSRB has conducted a review of the 2017 amendments to Rule G-10. Rule G-10 currently requires dealers to provide customers in writing: (1) A statement that the dealer is registered with the SEC and MSRB; (2) the website address for the MSRB; and (3) notifying the customer of the availability of an MSRB brochure that outlines the protections provided by MSRB rules and how a customer can file a complaint with a regulatory authority.

The 2017 amendments mandated dealers provide these annual notifications to *all* customers, regardless of whether a customer transacted in municipal securities or had any intention at all to transact in municipal securities. This effectively required dealers to provide disclosures to many customers that were irrelevant given their trading history.

The ASA believes a much more thoughtful and targeted approach is appropriate, and we are pleased the Proposal properly balances the need to provide certain customers with municipal-related disclosures with the costs that are imposed on dealers for complying with these requirements. The Proposal would require dealers to provide disclosures only to customers that have transacted in municipal securities within the last year or who currently hold a municipal securities position. This will ensure that actual municipal customers receive the necessary

¹ The ASA is a trade association that represents the retail and institutional capital markets interests of regional financial services firms who provide Main Street businesses with access to capital and advise hardworking Americans how to create and preserve wealth. The ASA's mission is to promote trust and confidence among investors, facilitate capital formation, and support efficient and competitively balanced capital markets. This mission advances financial independence, stimulates job creation, and increases prosperity. The ASA has a geographically diverse membership of almost one hundred members that spans the Heartland, Southwest, Southeast, Atlantic, and Pacific Northwest regions of the United States.





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disclosure, save other customers from receiving irrelevant information, and mitigate the compliance burdens upon dealers.

ASA also supports the proposed changes to Rule G-48 that would provide an exception to Rule G-10 for disclosures provided to sophisticated municipal market professionals (SMMPs), so long as a dealer maintains these notifications on its website. However, we believe the MSRB should eventually adopt this approach for all municipal customers under Rule G-10 given the way that investors today seek out and process information and disclosures related to their financial professional. While many investors will seek out such information from a dealer's website, this could be implemented with an "opt-out" provision for those customers that wish to receive paper or electronic copies of disclosures.

The ASA commends this effort by the MSRB to modernize its rules in order to keep up with technology and reduce compliance burdens for dealers while maintaining sufficient disclosures for investors. We look forward to working with the MSRB on this initiative as it moves forward.

Sincerely,

Christopher A. Iacovella

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