

March 10, 2014

Mr. Ronald W. Smith
Corporate Secretary
Municipal Securities Rulemaking Board
1900 Duke Street, Suite 600
Alexandria, VA 22314

Re: Draft MSRB Rule G-42 on the Duties of Non-Solicitor Municipal Advisors

Dear Mr. Smith:

JPMorgan Chase Bank, N.A. and J.P. Morgan Securities LLC (collectively, and including relevant affiliates, "JPMC") appreciate the opportunity to comment on draft Rule G-42 ("Proposed Rule G-42") as proposed by the Municipal Securities Rulemaking Board (the "MSRB") in connection with its implementation of Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Proposed Rule G-42 is directed primarily at the standards of conduct and other duties and responsibilities of municipal advisors to their municipal entity or obligated person clients.

JPMC is a member of the American Bankers Association (the "ABA") and the Securities Industry and Financial Markets Association ("SIFMA"), both of which have submitted or will submit comment letters on Proposed Rule G-42. JPMC wishes to express its full support of the views expressed in such letters¹. In particular, although JPMC supports and agrees with the MSRB's desire to provide more clarity to the statutory fiduciary duty and other duties or responsibilities that municipal advisors may owe to their municipal entity or obligated person clients, we share the ABA's and SIFMA's significant concerns about Proposed Rule G-42, including without limitation with respect to the absolute prohibition on all "principal transactions" and the MSRB's suggestion that it might consider expanding the municipal advisor's fiduciary duty to cover its dealings with obligated persons (which among other things we believe clearly conflicts with Congressional intent). We also have significant concerns over how various parts of proposed Rule G-42 appear to override the concept of a separately identifiable department or division of a bank and the existence of exemptions to municipal advisor registration for various types of bank and other activity. Finally, we believe that Proposed Rule G-42 effectively ignores the substantial protections already provided under other applicable laws with respect to bank fiduciary activity, creating a duplicative regulatory environment.

¹ We would like to note that we did not have an opportunity to review the final version of the SIFMA letter before submitting this letter today. Our statements herein referring to comments and recommendations made in the SIFMA letter are based on the close-to-final draft which we reviewed. In the event such letter subsequently filed changes in any material respect, we may submit a supplement to this letter to address any such changes.

In addition to the foregoing, as the MSRB also knows there are significant interpretive issues concerning when a financial institution may inadvertently become a municipal advisor and, although the Securities and Exchange Commission has provided very helpful guidance in some areas, not all of those issues have been resolved (nor is it reasonable to assume that they all will be). Accordingly, JPMC expects that if the issues with Proposed Rule G-42 are not adequately addressed in the final rule, JPMC and many other financial institutions that currently provide products and services to municipal entity and obligated person clients will have to seriously consider which products or services they would continue to provide to such clients (in whole or in part) in light of the sizeable new risks and burdens imposed by Proposed Rule G-42.

In conclusion, JPMC supports the MSRB's desire to provide clarity on a municipal advisor's standards of conduct and other duties and responsibilities. However, JPMC urges the MSRB to consider carefully the concerns and issues raised by the ABA, SIFMA and in this letter, among others, in crafting a revised rule. JPMC would further urge that the MSRB release any such revised rule for another round of public review and comment before considering adoption of a final rule. Finally, we respectfully request that the MSRB, together with the SEC, consider providing guidance well in advance of the July 1, 2014, effective date for the SEC's final municipal advisor rules of how persons or entities that are expected to comply with those rules can effectively do so if Rule G-42 is not finalized in advance of that effective date.

Sincerely,

A handwritten signature in cursive script, appearing to read "Paul N. Palmeri", written in dark ink. The signature is fluid and extends across the width of the page.

Paul N. Palmeri

Managing Director