



March 10, 2014

VIA ELECTRONIC MAIL

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

RE: MSRB Draft Rule G-42

Dear Mr. Smith:

Thank you for providing this opportunity for us to provide the following response to the Municipal Securities Rulemaking Board's ("MSRB") proposed Rule G-42, on Duties of Non-Solicitor Municipal Advisors. Winters & Co. Advisors, LLC is responding to certain questions in the General Matters section (2, 5, 7, 9, and 11) of the proposed Rule G-42.

*2. Do commenters agree that a municipal advisor that is engaged by a client in connection with either an issuance of municipal securities or a municipal financial product that is related to an issuance of municipal securities should have an obligation, unless agreed to otherwise by the advisor and client, to review thoroughly the entire Official Statement? Should a municipal advisor be permitted to limit the scope of the engagement such that the advisor is not required to review the Official Statement? If so, under what circumstances should this limitation be allowed? Should any duty to review the Official Statement be limited to any portions of the Official Statement directly related to the scope of municipal advisory services?*

**Response:**

Winters & Co. Advisors, LLC is normally retained by clients to assist with the investment of bond proceeds. Because our role is so limited, and the scope of the official statement so broad, we believe that it makes sense to be allowed to limit our responsibility regarding review of the official statement to only those items that have an impact on our engagement. Winters & Co. Advisors will disclose in the engagement document, the specific sections of the Official Statement for which we will review.

*5. Draft Rule G-42 allows fee-splitting arrangements with providers of investments or services to a municipal entity or obligated person client, but requires written full and fair disclosure of the arrangement. Should such fee splitting arrangements be prohibited, regardless of whether they are fully and fairly disclosed?*

**Response:**

There are situations where a municipal entity or obligated person may want their municipal advisor or other professionals (including underwriters, if after the underwriting period) to receive



compensation from investment or other service providers for providing oversight and performing other services. A written full and fair disclosure of any fee splitting or fee sharing is sufficient and these arrangements should not be prohibited.

*7. Should a municipal advisor be required to obtain a written acknowledgment from the client of receipt of the conflicts disclosure and consent to any conflicts disclosed before proceeding with a municipal advisory engagement?*

**Response:**

Requiring the municipal advisor to obtain a written acknowledgement of receipt of a conflicts disclosure is unnecessary. It is often difficult to obtain these written acknowledgements from the client.

*9. Should the MSRB, in furtherance of its mandate under the Dodd-Frank Act to protect municipal entities and obligated persons, require professional liability insurance by municipal advisors, and if so, should the MSRB specify the minimum amount and terms of such coverage?*

**Response:**

On more than one occasion we have unsuccessfully attempted to obtain liability insurance. I believe liability insurance may not be available for our firm because our business does not fit into an existing liability insurer category. Therefore, we strongly feel that requiring liability insurance will be an undue barrier for existing and potential municipal advisors.

*11. Should an advisor be required to review any feasibility study as part of the information considered in its evaluation of whether a transaction it recommends is suitable for the client?*

**Response:**

A feasibility study is extraneous to the investment of the bond proceeds and therefore an advisor should only be required to review the feasibility study if it pertains to their engagement.

Winters & Co. Advisors, LLC appreciates the opportunity to respond to the MSRB, and is hopeful that the MSRB will take into consideration small municipal advisor firms when developing not only G-42, but all rules going forward relating to municipal advisors.

Sincerely,

Christopher J. Winters