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May 16, 2014

Mr. Ronald W. Smith  
Corporate Secretary  
Municipal Securities Rulemaking Board  
1900 Duke Street – Suite 600  
Alexandria, VA 22314-3412

***RE: Establishing Professional Qualification Requirements for Municipal Advisors Regulatory Notice 2014-08***

Dear Mr. Smith:

My firm, Cedar Partners, is registered as an investment adviser in the State of Ohio as well as a Municipal Advisor with the SEC and MSRB. Cedar provides institutional sales and marketing services to investment managers who are registered as investment advisers with the SEC. Cedar Partners assists in marketing the investment managers' services to prospective clients by contacting consultants, pension plan sponsors or other representatives of prospective advisory clients who are seeking the services of an investment manager.

Cedar Partners does not provide investment advice directly or indirectly to clients. Cedar Partners does not manage assets for clients; it does not provide financial planning or similar services and it does not provide any other services that would be considered investment supervisory services. The clients of Cedar Partners consist entirely of Money Managers that manage money primarily for institutional investors, pension plans, other legal entities and high net worth individuals meeting regulatory definitions of qualified or accredited investors.

While we understand the need for comprehensive and current registration requirements, we caution that there is a critical disconnect in the initial approach of MSRB's Regulatory Notice 2014-08 -Establishing Professional Qualification Requirements for Municipal Advisors. Primarily, we believe the definition of Municipal Advisor extends beyond what is necessary. Placement agents, like Cedar Partners, who interface with public pensions have been incorrectly bucketed into the category of Municipal Advisors based on the fact that they may introduce pre-vetted investment managers and opportunities to these public pensions. Placement agents do not act in any fiduciary capacity to these public pensions, but rather serve as an informational channel that assists public pensions in identifying potential allocation targets. This construct is materially distinct from the description that the MSRB publically acknowledges on their website regarding the role of municipal advisors which reads as follows:

**Municipal advisors act in a fiduciary capacity for issuers.**

- Placement Agents do not act in a fiduciary capacity for issuers.

**The strategic services offered by municipal advisors may include development of comprehensive financing plans; analysis and monitoring of client portfolios; advice on potential financing solutions**



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**and new financial products; and recommendations for tracking and achieving on-budget performance.**

- Placement Agents do not offer these services.

**Municipal advisors also provide advice on conditions of a new issue, such as structure, timing, marketing, fairness of pricing, terms and bond ratings.**

- Placement Agents do not provide advice of any nature to prospective investors.

**During the transaction, municipal advisors represent the interests of state and local governments in negotiations with underwriters, rating agencies, banks and others involved. Municipal advisors also assist state and local governments with preparing disclosure documents, including official statements and continuing disclosure documents.**

- Placement Agents do not represent or engage in negotiations with underwriters or the other aforementioned counterparties.

The MSRB requested comment concerning the following issues:

- **Should all individuals engaged in municipal advisory activities demonstrate a minimum level of competence by taking and passing a general qualification examination?**

While we believe that all individuals engaged in municipal advisory activities demonstrate a minimum level of competence by taking and passing a qualification examination, we believe that the MSRB has the responsibility to understand the specific activities undertaken by different types of Municipal Advisors, such as placement agents, and then to assess whether a qualification exam would be appropriate for each type of Municipal Advisors.

- **Is the one-year grace period sufficient time for municipal advisor representatives to study and take (and, if necessary retake) the municipal advisor representative qualification examination?**

Given the fact that placement agents who are required to sit for the municipal advisor representative examination will need to learn a great deal of material that is irrelevant to our business activities, and the fact that many are small businesses and require all of their representatives focused of generating new business, we do not feel that one year is sufficient time for representatives to study and take and if necessary retake the qualification examination.

- **Do dealers believe the current 90-day apprenticeship requirement for municipal securities representatives is beneficial?**

Since we have been conducting business in the industry for several years, we do not believe that a 90-day apprenticeship requirement is necessary. An apprenticeship might be worthwhile for individuals that have never before worked in the industry.

- **Would there be any negative consequences if the current municipal securities representative apprenticeship requirement were eliminated?**

No. It is the responsibility of each firm to ensure that their employees are properly trained to carry out their roles and are supervised in their activities.



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- **How should economic analysis apply to proposed new registration classifications and the establishment of a basic qualification examination?**

Economic analysis should be used on a firm level to assess the time required for individuals to learn, study and sit for (and re-take if necessary) the new qualifying examination. It should also be used to quantify the lost opportunities firms will face while their employees are focusing on the qualification examination rather than on new business generation. The analysis should also take into account the Principal examination which will be forth coming as well as any new continuing education requirements that will be proposed in subsequent rules.

We also believe that economic cost-benefit analysis should be performed because of the anticipated high costs to MSRB for implementation of what we believe to be, with respect to placement agents, a redundant or worse an irrelevant examination. Costs the MSRB will likely experience include convening industry groups to assess the need for qualification exams, the cost of MSRB staff to establish qualifying examinations and to test their efficacy as well as the time and effort of other MSRB staff. The time and effort taken up by this comment process and the time of the Board of Directors to debate this proposal is also, very likely, a significant expense.

Cedar strongly believes that the current regulatory qualification framework in place regarding the specific business activity of placement agents satisfies the regulatory qualification standards which apply directly to a placement agent's business activity, and as such that any new and additional professional qualification requirements would be unduly applied to placement agents. As such, we strongly recommend that the MSRB seeks to reconcile to current disconnect by reconsidering their position on the grandfathering provision for those firms NOT focused on municipal securities transactions.

If you have any questions or comments regarding any of the information contained in this letter, please feel free to contact me.

Best regards,

A handwritten signature in black ink that reads "Christy Ping". The signature is written in a cursive, flowing style.

Christy Ping  
Director/Chief Compliance Officer  
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