

# Comment on Notice 2014-16

from Bradford Sprague, PRISM Municipal Advisors

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Comment:

Where can the MSRB have the most meaningful impact on the municipal market and/or industry? I think that this is clearly in the area of education, outreach and market leadership. This is especially true in providing education to issuers of municipal bonds. There are good sources of education for issuers including the GFOA and other professional organizations, but the MSRB could boost the level of education. To the extent that all participants in a transaction are knowledgeable about the market and the rules of the road, the less opportunity there is for abuse. With that said, I think the MSRB places too much attention on what it perceives to be "protecting" municipal entities. Let me provide an example. The new FA rule restricts an open communication of ideas between issuers and underwriters except in certain situations (IRMA exemption, RFP exemption, etc.) I am an MA and this rule benefits my practice. Nevertheless, I don't believe that issuers need this type of protection. The vast majority of issuers are perfectly capable of hearing ideas from underwriters without any restrictions. I would hope that most would turn to their advisors for input, but I do not think that issuers need a gatekeeper requirement imposed upon them. Many issuers have a very high level of sophistication.

One of MSRB's top priorities should be improving price transparency, and this effort should be geared toward investors...especially retail investors. The primary market has some self policing in place with the use of MA's as well as underwriters' competitive pressures. However, the secondary market could use considerably more price transparency.

In summary, I believe that the MSRB would be well served to focus more on the market and investors and less on municipal entity protection. The attitude from regulators seems to assume that issuers are naïve and must be protected from themselves. I don't believe that the history of the municipal market supports this contention.