

Comment on Notice 2014-20

from George McLiney, McLiney And Company

on Monday, December 22, 2014

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Re: MSRB's Request for Comment on Draft Rule Amendments to Require Dealers to Provide Pricing Reference Information on Retail Customer Confirmations

After participating in the December 18 webinar on the proposed municipal price disclosure I am discouraged and confused.

Before I get into my reasons for discouragement and confusion let me give you a little background. I have a fifty-five year history in the municipal bond business in Kansas City having found McLiney And Company in 1966. Over this period of time neither the company nor I have had any customer complaints and no serious differences with the NASD, SEC or Finra.

I am discouraged to see additional burdens placed on our compliance requirement covering same day principal trades. The multiplication of rules and regulations has already burdened our operation and any additional one will cause additional hardship. I am ever hopeful that the next set of rules will not be the straw that breaks the camel's back. My understanding was that EMMA was going to be the solution to market transparency. Has it failed? We have found it challenging to comply with the existing EMMA's disclosure requirements. The logistics in complying with the proposed changes will be difficult for us to implement.

I am confused as to how the proposed rule would be implemented and what transactions it would cover. Would it cover a same day purchase and sale on a bid from a bond broker; purchase of a block of bonds and sale over several days or a new issue sold in one day or over several days?

The continuous onslaught of new rules and regulations are a factor in driving municipal dealers especially small ones like ourselves, out of business. These dealers specialize in serving the small retail investor and bond issuer. Eliminating these dealers does not help the investors or issuers. The large dealers perhaps have the personnel to jump through these added hoops, but do not have the interest in serving the small investor's \$5,000 to \$50,000 purchaser or the small nonrated issuer of \$100,000 to \$1,000,000.

As a reference to the effect of constantly increasing rules, I went back to a directory of municipal dealers when McLiney And Company was founded and checking Missouri I found that in 1966 there was listings of fifty-eight dealers in the state and two bond attorney firms. Currently there are approximately eighteen dealers and twenty municipal bond law firms. In that period of increased municipal activity, the number of dealers has decreased 70% and the number of municipal bond law firms has increased 900%.

More rules equals fewer small dealers and more lawyers. This in no way helps the small municipal investor or the small municipal issuer.

I would hope you could stick with the existing rules relying on the integrity of the dealers and the transparency provided by EMMA. We did not build a business being unfair to our customers.

Very truly yours,

George J. McLiney, Jr.
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