



November 19, 2015

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

In regard to Regulatory Notice 2015-18

Dear Mr. Smith,

SIFMA is pleased to comment on the Municipal Securities Rulemaking Board's ("MSRB") Notice 2015-18, "Request for Comment on Draft Amendments to MSRB Rule A-3 to Lengthen the Term of Board Member Service" (the "Notice" or "Proposal"). SIFMA is the voice of the U.S. securities industry, representing the broker-dealers, banks and asset managers whose 889,000 employees provide access to the capital markets, raising over \$2.4 trillion for businesses and municipalities in the U.S., serving clients with over \$16 trillion in assets and managing more than \$62 trillion in assets for individual and institutional clients including mutual funds and retirement plans. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA). For more information, visit www.sifma.org.

The proposed rule changes in the Notice would lengthen the term of MSRB Board membership from three years to four and would increase the number of Board "classes" and adjust their sizes. In addition the Proposal would establish provisions related to the transition to four-year Board terms.

On July 13, 2015 SIFMA filed a response to MSRB Notice 2015-08, "Request for Comment on Draft Amendments and Other Issues Related to MSRB Rule A-3 on Membership on the Board."¹ In our July 13 letter, in response to a question posed in Notice 2105-08, we supported the concept of lengthening the term of MSRB Board membership from three years to four. We maintain that position today and in that respect we support the general focus of the Proposal. We generally agree with the Board "that members are capable of making significantly increasing contributions with each year that they become more fully acclimated to the role and work of the MSRB" and "that allowing members to serve on the Board for a fourth year would improve the continuity and institutional knowledge of the Board from year to year."

In our July letter we also asked the Board to "consider establishing a firm lifetime cap of four years of board service." Paragraph (b)(i) of Rule A-3 states "a member may not serve consecutive terms, unless special circumstances warrant that the member be nominated for a successive term or because the

¹ Letter from Michael Decker, SIFMA, to Ronald W. Smith, MSRB, July 13, 2015.

member served only a partial term as a result of filling a vacancy." It is sometimes the case that some Board members are selected to serve full or partial second terms, either immediately upon the completion of their first terms or some time later. We remain concerned, particularly if the Board term is extended to four years, that serving more than one term could create an environment where one or more board members with multiple terms of service could become too dominant in Board deliberations. Two full four-year terms--eight years of Board service--is simply too long and opens the door for a Board member to have undue influence, particularly considering the composition of the Board has a majority of public members. Who may not have significant market or industry experience. In this regard, we are pleased that under the Proposal's transition provisions, no existing Board member would serve for more than four years.

We also recognize that from time to time, circumstances may arise where it is in the interest of the MSRB's mission to retain or recall a Board member for a partial second term. In the spirit of maintaining a "balance," as stated in the Notice, between "continuity, institutional knowledge and membership experience, on the one hand...and new perspectives, on the other" we urge the Board to consider amending Rule A-3 to further specify or limit the circumstances under which a Board member may serve for more than four years. Options the Board may wish to consider include:

- More explicitly defining the "special circumstances" under which a Board member may serve beyond a full four-year term;
- Imposing a maximum lifetime limit on Board service; or
- Specifying that when a Board member who has already served a full term is retained or recalled to fill a sudden vacancy, that the member's extended term be temporary for only as long as necessary to recruit a qualified, permanent new member to fill the vacancy.

SIFMA again is pleased to comment on Notice 2015-18. We generally support the Proposal to extend the term of MSRB Board membership to four years. At the same time we urge the MSRB to adopt policies that will serve to specify and limit the circumstances under which a Board member could serve for more than four years.

Sincerely,

A handwritten signature in black ink, appearing to read "M. Decker". The signature is fluid and cursive, with a large initial "M" and a long, sweeping underline.

Michael Decker
Managing Director