

October 21, 2016

Mr. Ronald W. Smith
Corporate Secretary
Municipal Securities Rulemaking Board
1300 I Street NW
Suite 1000
Washington, D.C. 20005

Dear Mr. Smith,

Thank you for the opportunity to comment on the proposed continuing education requirements for municipal advisors. In reviewing the proposed rule, it strikes me that a phased in implementation period would be the only appropriate way to make the rule effective. I am responding from the point of view of an independent municipal advisor with no broker-dealer activities.

The rule first requires a needs assessment, which is the appropriate first step. However, there are not yet any materials that are commercially available for municipal advisors to assist in performing these needs assessments. A needs assessment should provide a way to measure the training needs of the municipal advisor representative and principal on topics regarding the MSRB and SEC rule sets and to measure core competence with regard to the ability to effectively provide municipal advisory services to their clients.

However, except for the material being developed by the Board for its professional qualifications testing and its educational and outreach programs, there are not a lot of materials out there to either perform the assessment or to use for training purposes. As a result, passage of a CE rule without a sufficient phase-in period could have small municipal advisors unable to comply with the rule because of the lack of commercially available materials. Further, if each firm then has to develop its own materials, the cost in lost productive work time will be significant and the quality of any training will be dependent on the municipal advisor preparing the materials. Thus, the Board may be out over its skis in considering this rule at this point because the development of commercial training resources for municipal advisors has not been significant to date. This could then lead to a deficiency finding in SEC exams.

Before developing the rule, consideration should be given to how professionals are actually trained in the municipal securities business. After some basic training in municipal bonds and bond math, as well as some basic training on DBC or Munex bond sizing software, the remainder of the training is done by giving the professionals increasing responsibilities progressively under a mentoring relationship with a more senior professional. Such on-the-job training is very effective as a training program and leads to career advancement. At small municipal advisors, most training is done in this fashion.

It does have its limits, however, since it is heavily dependent on the mentoring relationship. Bad habits may pass from the mentor to the learner. If the mentor takes short cuts, those same habits are likely to be learned as well. Thus, it seems to me that the goal should be to have a needs assessment and training program that takes advantage of the mentoring relationship, encourages a fulsome development of ethical standards and fiduciary duty principles to guide careers, and also provides content training so that the learner can grow and advance in his/her career in municipal advisory work.

In my opinion, the best source of training materials regarding the MA fiduciary duty rule and other MSRB rules has been in webinar materials developed by the Board. I believe the Board should continue to develop materials that will help educate professionals in the field and that can be used to earn continuing education credit. I believe the focus should be a target audience of people who are supervising or mentoring people in this business so that the on the job training that happens daily will be more effective and compliant. The industry must adopt a mindset such that fiduciary responsibility will become automatic in the way that a municipal advisor approaches every problem. The mentor must also be acutely aware of the core set of regulations and his/her supervisory responsibility.

For independent municipal advisors, it is also important to train municipal advisor representatives to spot non-compliant activity from other advisors or investment bankers which is not permissible under the rules, and to report such to their supervisor or CCO. During a negotiated financing, the municipal advisor representative is like the beat cop in the neighborhood, working with the finance team but also being the issuer's advocate to insure that the issuer's rules are being followed. This is particularly true during a primary offering where the rules are stated on the wire and should be followed by all members of the syndicate and selling group.

Continuing educational training should be focused on mentors or supervisors, since less experienced people are likely already in an on-the-job training experience. The mentors and supervisors may have already passed the Representative exam and may be candidates for the MA Principal exam, so they will need an increased level of training which is not yet commercially available. If mentors and supervisors are trained, then they will better train the municipal advisors that work with them.

At this point, continuing education credit will mostly develop from attendance at conferences or committee conference calls from membership in organizations like the National Society of Compliance Professionals which is very rules based, or participation in organizations which is related to the business of the advisor. Certain national associations, such as NAMA, may be a good source for providing continuing education to municipal advisors. Attendance at outreach programs run by the MSRB or the SEC should also be part of a continuing education credit program. Web-casting these programs would be a cost effective way to provide training.

Ideally, web based education programs will be developed by commercial vendors. The Board already knows the amount of work and time required to develop a training module,

which has been several years from concept to finished product, and should recognize that a CE requirement without CE resources is going to be frustrating and difficult to explain. The concept behind the rule is fine, but implementation of the CE rule without the available resources will seem unfair at best when firms that are trying to comply with being regulated get criticized by their examiners for failing to have an effective training program in place. Thus, I think a phase-in of the rule is the most appropriate action.

Thank you for allowing me to comment on the proposed rule. The rule is fine conceptually, but resources other than those prepared by the Board are not yet commercially available. My objective is to both improve compliance with the rules and to improve the quality of municipal advisor performance in the industry.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Lamb', with a long horizontal flourish extending to the right.

Robert A. Lamb
President