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April 16, 2018

Ronald W. Smith
Corporate Secretary
Municipal Securities Rulemaking Board
1300 I Street NW
Washington, DC 20005

Re: MSRB Notice 2018-03

Dear Mr. Smith:

cfX Incorporated (“cfX”) appreciates the opportunity to offer input on the draft frequently asked questions for MSRB Rule G-42 published in Notice 2018-03.

Draft question 6 asks “What are the obligations of a municipal advisor when making a G-42 Recommendation?” The answer describes two obligations: 1. to have made a suitability determination, and 2. subsequently to inform the client.

cfX advises sophisticated municipal entities who have significantly experienced and knowledgeable staff. We often make several G-42 Recommendations to a client each year under ongoing engagement. Our written supervisory procedures implemented pursuant to Rule G-44 ensure no Rule G-42 Recommendation is made without a prior suitability determination, and that a written explanation of the basis for such determination is preserved pursuant to Rule G-8. cfX’s written supervisory procedures then require an offer be made to inform the client of the basis for this determination pursuant to Rule G-42d(ii).

As cfX’s municipal entity clients are highly knowledgeable with regard to complex municipal securities transactions, and know that a suitability determination is a precondition for all of our G-42 Recommendations, they may not desire to be informed of the basis for our determination. Time, cost or other concerns may lead a municipal entity to conclude that it is unnecessary for cfX to provide such information in connection with some or any municipal securities transactions. A client may not believe that being informed of our rationale is necessary for their own independent determination.

Do municipal entities have the right to waive, by contract or otherwise, the requirement that municipal advisors inform them of the basis for a suitability determination under Rule G-42(d)(ii)? Would a municipal advisor be permitted under Rule G-42(c) and



Supplementary Material .04 to enter into a contract that relieves the G-42(d)(ii) obligation to inform? Can a municipal advisor fulfill its responsibilities under G-42 by properly reaching a suitability determination and maintaining the relevant records, even if the client elects not to be informed with respect to a particular G-42 Recommendation? cfX asks that this matter be addressed in the question 6 response or elsewhere. Thank you.

Sincerely,

Benjamin Madorsky
Chief Compliance Officer