

March 7, 2019

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

Re: MSRB Notice 2019-01: Request for Comment on Draft Interpretive
Guidance on Application of MSRB Rules to Certain Prearranged Trading in
Connection with Primary Offerings

Dear Mr. Smith,

Regional Brokers, Inc. ("RBI") appreciates this opportunity to respond to Notice 2019-01 (the "Notice") issued by the Municipal Securities Rulemaking Board (the "MSRB").

RBI acts as a Municipal Securities Broker's Broker (MSBB), facilitating trades between Broker/Dealers and certain SMMP accounts.

Because RBI does not participate in syndicates, our comments regarding this Notice are limited to the area of the Notice that directly affects our firm's business model; specifically, issues that arise from the MSRB's use of the term "Free to Trade".

While RBI is not involved directly in syndicates, it is, as are other MSBBs, one of the primary conduits used by dealers to facilitate trades on newly issued bonds.

RBI is often asked by dealers to show offers to the street on newly issued bonds. These dealers are not bound by syndicate restrictions. However, when showing these offers, or posting secondary markets on the bonds, RBI is often cautioned by syndicate managers that the bonds are not "free to trade" and that RBI should refrain from trading bonds with those other dealers until they are "free to trade".

This places RBI and other MSBBs in the position of having been given trading instructions by dealers who could legitimately trade bonds, while being incorrectly (in RBI's opinion) instructed by other dealers that the activity is not allowed. The result of such interaction frequently leads to market confusion and friction between RBI and its counterparties.

The MSRB employs the term "free to trade" in its two scenarios in the Notice. In doing so, it demonstrates how the term is commonly misused as a demarcation point for the time at which certain market events can occur, even though the term may have no

legal basis for establishing that demarcation. RBI believes that the usage of the term in the examples further exacerbates a problem for which the industry is in need of guidance.

RBI is unable to find any MSRB Rule regarding “free to trade”. There is no reference to “free to trade” in the glossary of the MSRB. And, in direct conversations with the MSRB, it has been RBI’s understanding that there is no restriction on non-syndicate members as to when they are able to trade bonds from new issues. As SIFMA has pointed out in its comment letter on this matter, regarding Scenario 2, “it is important to note that the investor is controlled neither by the rules governing the syndicate nor by the MSRB rules”.

RBI hopes that the MSRB will use this discussion of syndicate practices as an opportunity to work with the dealer community in formulating a better understanding of the restrictions that exist under syndicate agreements, the entities that are affected by those restrictions, and how and when dealers can offer and trade bonds with MSBBs or other dealers.

RBI looks forward to working with the MSRB and the municipal industry to help in this formulation.

Sincerely,

H. Deane Armstrong
CCO
Regional Brokers, Inc.

Joseph A. Hemphill
CEO
Regional Brokers, Inc.