

March 27, 2012

Lynnette Kelly
Executive Director
Municipal Securities Rulemaking Board
1900 Duke Street Suite 600
Alexandria, VA 22314

RE: MSRB Fiscal Year 2013 Priorities

On February 29, 2012, The Municipal Securities Rulemaking Board announced that it is soliciting input as it develops its priorities for the fiscal year that begins October 1, 2012 (fiscal year 2013). Thank you for this opportunity to provide our input about the MSRB's priorities.

As the only DC based group representing the interests of securities dealers and banks focused on the U.S. fixed income markets, The Bond Dealers of America (BDA) welcomes this opportunity to provide our views on the most important regulatory and policy items which we believe the MSRB should consider in crafting its long term strategic goals for Fiscal Year 2013.

The BDA believes that the MSRB's priorities for fiscal year 2013 should be as follows:

Regulation of FA's and Definition of Municipal Advisor – We believe that the highest priority for the MSRB should be to do everything in its authority to finalize the regulatory framework for financial advisors. The regulation of financial advisors was the most significant regulatory reform in the Dodd-Frank Act relating to the municipal markets and was specifically identified by Elisse Walters in October 2009 as one of the most important regulatory priorities of the SEC. Close to two years after the adoption of the Dodd-Frank Act, we still have not seen a finalization of that regulatory framework. We suggest that the MSRB take the following steps to make this one of its important priorities.

First, we urge the MSRB to continue to apply formal and informal influence on the SEC to issue a final definition of "municipal advisor." The MSRB occupies a vital role as the only SRO governing the municipal markets and thus should use that platform at both the staff and commissioner level to urge the SEC to finalize this crucial definition upon which the balance of the regulatory framework relies.

Second, once the SEC has finalized a definition of municipal advisor, we urge the MSRB to finalize its own rules that will implement the definitive interpretations and rulemaking needed to finalize the regulatory framework. The MSRB has formally delayed its municipal advisor rule proposals before the SEC because it does not want to finalize them in the absence of a permanent municipal advisor definition. Once a final definition is promulgated by the SEC, we urge the MSRB to move quickly to finalize its own rules.

Third, we urge the MSRB to delay any further rulemaking against broker-dealers that essentially stem from the regulatory reforms related to financial advisors until the SEC finalizes its municipal advisor definition and the MSRB finalizes its rules. To this end, we believe that the MSRB should continue to delay finalization of its regulatory notice 2011-12 relating to Rule G-17 which would require notices from underwriters clarifying to issuers their roles and conflicts of interests. We think that it is inappropriate for additional regulation against the broker-dealers to be effected before the finalization of the financial advisor regulatory framework when it comes to regulations that relate to the differences between underwriters and financial advisors.

Guidance on Bank Loans - The MSRB has given general guidance to differentiate a bank loan to a municipality from a municipal security. Further, the MSRB has asked the SEC for additional guidance on what is a bank loan so we encourage the continued pressure on the SEC to issue an interpretive release. The confusion surrounding when a bank loan is a security is causing considerable dysfunction in the municipal markets and our membership believes that the markets would substantially benefit from an interpretive release by the SEC that would clarify this question.

Market Transparency - We urge the MSRB to continue to place market transparency initiatives at the forefront of its priorities. We commend the MSRB for its recent regulatory notices relating to "Not Reoffered" designations and retail order periods. BDA will be submitting comment letters that will offer some suggestions. But in general we are pleased with the MSRB's efforts at increasing market transparency in the municipal markets. To this end, we would urge the MSRB to move up on the list of its priorities any of its initiatives that would improve market transparency.

Again, thank you for the opportunity to set fourth our views on MSRB priorities for 2013.

Sincerely,

A handwritten signature in blue ink that reads "Michael Nicholas". The signature is written in a cursive, flowing style.

Michael Nicholas
CEO
Bond Dealers of America