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December 13, 2011

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

Re: MSRB Notice 2011-63: Request for Comment, Restated Sophisticated Municipal Market Professional

Dear Mr. Smith:

Alternative Regulatory Solutions, LLC ("ARS"), a fixed income compliance firm specializing in municipals, is pleased to have this opportunity to comment on the Proposed Restated Sophisticated Municipal Market Professional Notice (the "Notice").

ARS is in agreement with the Municipal Securities Rulemaking Board's ("MSRB") reasons for and reconsideration of its 2002 notice on sophisticated municipal market professionals ("SMMP"). ARS agrees that it is especially important to maintain consistency with the revised FINRA suitability rule for institutional customers that will become effective on July 9, 2012.

ARS has a few comments for the MSRB to consider regarding changes to the aforementioned section under Sophisticated Municipal Market Professionals:

"For purposes of this notice, the term 'sophisticated municipal market professional' or 'SMMP' shall mean an institutional customer of a dealer that: (1) the dealer has a reasonable basis to believe is capable of evaluating investment risks and market value independently, both in general and with regard to particular transactions in municipal securities, and (2) affirmatively attests that it is exercising independent judgment in evaluating the recommendations of the dealer. A dealer shall be deemed to have established the reasonable basis required by clause (1) if: (i) the institutional customer has total assets of at least \$50 million invested in municipal securities in the aggregate in its portfolio and/or under management, and (ii) the institutional customer affirmatively attests that it is capable of evaluating investment risk and market value

independently, both in general and with regard to particular transactions in municipal securities. A customer may make either attestation described in this paragraph either orally or in writing and may provide the attestation on a trade-by-trade basis, on a type-of-municipal security basis (e.g. general obligation, revenue, variable rate, etc.) or for all potential transactions for the customer's account.

ARS Comments:

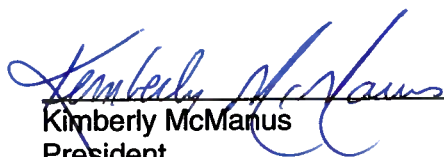
- The requirement of 2 attestations (“capable of evaluating investment risk and market value independently” and “exercising independent judgment in evaluating recommendations”) described separately in the new rule requirement is a bit confusing. Perhaps the MSRB would consider requiring 1 attestation to cover both points (see below for recommendation).
- In an extremely volatile municipal market, an SMMP’s assets invested in municipal securities may periodically fall below the required \$50 million if customers decide to sell their municipals at a given point in time. ARS recommends that perhaps this threshold be reduced or be determined on an annual average basis.
 - Also, is it the MSRB’s intention that this asset concentration be verified prior to each municipal transaction, or just at the onset of obtaining SMMP status?
- In real life, an oral attestation is difficult to prove to regulators. It is our opinion that for each SMMP, at the onset of classifying a customer as such, 1 general written attestation be required as follows:
 - affirm the customer is capable of evaluating investment risk and market value independently, both in general and with regard to particular transactions in municipal securities. AND
 - affirm the customer is exercising independent judgment in evaluating the dealer’s recommendations.

Then, only if necessary, an oral confirmation should be utilized prior to each municipal transaction to ensure that these stipulations (including total amount invested in municipals) are still current and accurate.

It is our opinion that these slight modifications will clarify exactly what broker dealers are expected to maintain on file to demonstrate the SMMP status of their institutional clients.

Thank you for your consideration regarding the above mentioned comments. If you have any questions or wish to discuss this further, please contact me at 973.845.6660.

Regards,



Kimberly McManus
President
Alternative Regulatory Solutions, LLC