



October 3, 2022

To: Municipal Securities Rulemaking Board

RE: MSRB Notice 2022-7 Request for Comment on Transaction Reporting Obligations under MSRB Rule G-14

Stern Brothers & Co appreciates the opportunity to respond to Notice 2022-07 (the “MSRB Notice”) issued by the Municipal Securities Rulemaking Board (“MSRB”) and Regulatory Notice 22-17 issued by the Financial Industry Regulatory Authority (“FINRA”).

Stern Brothers is a woman owned investment bank. Among the MWBE firms participating in the municipal market Stern consistently ranks in the top 10 MWBE municipal underwriters. As a co-manager, Stern ranked 18th overall in the nation based on par amount of bonds sold in 2021, behind only four other MWBE firms, according to IPREO data. We are well capitalized and have continued to reinvest in the firm.

The proposed rule change for rule G-14 from the current 15 minutes for trade reporting down to one minute will have a deleterious effect on the MWBE firms. The MWBE firms that participate in the municipal market generally tend to be smaller firms. While they may have the technology and personnel to handle trades within 15 minutes, the move to one minute may be beyond the reach of many. If these firms cease to be able to trade in the secondary municipal market, there will likely be unintended consequences.

Many municipal issuers and institutional buyers want, and in some instances are mandated to do some percentage of business with MWBE firms. The ability of our firms to participate in the secondary market is vital to our ability to be relevant to both buy side and borrower clients.

By way of example, there is a platform called Market Access. They have a program that allows institutional investors to allocate trades to MWBE firms to help investors meet their MWBE goals. The cost of implementing this technology is significant, though it allows for faster trade processing. Absent buying the technology, trades can still be processed within the current time frame, but not within one minute. Were the new rule to be implemented, it would not only preclude many MWBEs from executing this business, but it would impact institutional investors seeking to do business with MWBE firms and help them build their business.

We provide liquidity to the market in the context of what our capital allows. Stern carries inventory in the range of \$7-10 million on a regular basis. We routinely buy from customer bid lists providing liquidity for pieces of \$1 million or less.

As institutional investors and municipal issuers strive to work with MWBE firms and provide opportunities for our growth, it would be unfortunate if the impact of the change to rule G-14 would be to drive some firms out of the municipal market.

Thank you for your consideration.