Comment on Notice 2013-22

from Herbert Diamant, Diamant Investment Corporation

on Friday, December 13, 2013

Comment:

Diamant Investment Corporation is a seasoned municipal bond dealer that has been trading bonds since 1974. Our perspective is that of a small business which prides itself on providing clarity to difficult issues.

While it clearly is important that persons engaged in the business of municipal bonds understand the product, this is already being covered as part of Firm continuing education for those employees that are engaged in selling municipal bonds and who the Firm believes need ongoing education. For MSRB to contemplate forcing additional education requirements simply places another layer of regulatory burden on top of the existing education requirement. This is a great example of regulatory overreach, which adds unnecessary regulatory compliance to all bond dealers.

Clearly this initiative of a duplicative regulation is not designed to protect the customer, as the costs of additional regulation end up being ultimately being paid by the customer. Also, by now securities firms should have sufficient training processes in place to handle this MSRB concern, so securities firms and their employees are not benefiting from this proposed rule. Assuming the MSRB is not promulgating rules simply to demonstrate they have the ability to write another rule, then the only persons who will benefit are those firms in the business of certifying or testing securities persons.

If the MSRB intends to move ahead with this ruling, I suggest MSRB amend this rule wording to at least acknowledge that it will have no benefit to the securities industry or the customer. Then it will be easier to understand why it was promulgated. Alternatively, the MSRB could visit several dozen firms and find out just how existing education programs are being conducted and whether there is even a problem that needs to be solved. This approach would resolve the question of whether there even is an industry wide problem with education that needs addressing, and then MSRB could address the real issues if any.