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March 21, 2014

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

Dear Mr. Smith:

Thank you for the opportunity to comment on Regulatory Notice 2014-02. Wulff, Hansen & Co. is a registered broker/dealer active in the California municipal market.

Most of our thoughts on the draft best execution rule are well expressed in the SIFMA comment letter of March 13, 2014 and we will not repeat all of SIFMA's points here.

We agree that customers should pay a fair and reasonable price. However, the concept of 'best execution' as applied to more liquid markets in which individual securities are widely known and trade frequently is an inappropriate standard for the municipal market. There is simply not enough price information available for a traditional best execution standard to be workable. This lack of price information is inherent in the nature of the market itself and is not something which can be changed by making rules unless the rules were to require that market participants constantly publish numerous bids and offers against their will.

An attempt to apply the best execution standard used in more liquid markets will almost certainly make the municipal market even less liquid than it is today by increasing the perceived regulatory risk to a dealer of making a particular trade.

We particularly agree with SIFMA's comments on G-18(a) with regard to checking markets. They are correct in asserting that in some cases the very act of making an inquiry about a particular security can change the market for that security.

We also strongly support their view of the need to ensure that regulators cease the preposterous use of hindsight in evaluating execution prices, whereby trades occurring later in time than the one being evaluated are used as a standard by which to judge the earlier execution. 'Prevailing market conditions' must refer to a period ending at the moment of execution.

Thank you again for the opportunity to comment.

Very truly yours,

Chris Charles  
President