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October 23, 2014

VIA ELECTRONIC MAIL

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

RE: MSRB Regulatory Notice 2014-16: MSRB Seeks Input on Strategic Priorities
(September 8, 2014)

Dear Mr. Smith:

On behalf of the Bond Dealers of America (“BDA”), I am pleased to submit this letter in response to Municipal Securities Rulemaking Board (“MSRB”) Regulatory Notice 2014-16 (the “Notice”), requesting input from market participants on strategic priorities to guide the MSRB as it conducts its annual assessment of its priorities and resource allocations to help guide the strategic direction of the organization. As we have expressed to the MSRB in the past, we continue to support the concept of transparency in the municipal securities market and the MSRB’s initiatives that have increased the amount of information available to municipal market participants. BDA is the only DC based group representing the interests of middle-market securities dealers and banks focused on the United States fixed income markets and we welcome this opportunity to present our comments on this Notice and to review and evaluate our previous comments on the MSRB’s priorities for this past fiscal year.

Municipal Advisor Regulation and Education

The BDA believes the focus for the MSRB in 2015 regarding the implementation of the regulatory requirements for all professionals providing municipal advisory services (the “Municipal Advisor Rules”) should be to complete and finalize the Municipal Advisor Rules so that market participants, and in particular compliance officers, can begin to focus on completing written supervisory practices (“WSPs”) and implementing the new procedures required as a result of the new regulatory requirements. In addition, the MSRB should pay attention to and consider the overall impact that the deadline for compliance with each new rule has on implementation and timing of the effectiveness of other rules. Market participants have been reviewing and commenting on proposed rules and regulations and

drafting and re-drafting WSPs without having a complete regulatory framework nor a complete understanding of how each of the new rules may impact other rules. Once the Municipal Advisor Rules are finished, the next high priority for the MSRB should be to develop a comprehensive series of educational materials and webinars that explain the cumulative impact of these rules on municipal market participants. This will allow market participants to develop WSPs, best practices and guidance materials that are complete. Additionally, this will help to ensure that examiners and compliance staff are on the same page and firms know what is expected under the new municipal advisor regulatory regime.

Municipal Entity Protection

The MSRB has stated that one of its strategic goals is to expand the MSRB's protection efforts beyond municipal issuers to all municipal entities. Rule 15Ba1-1(g) of the Securities Exchange Act defines municipal entity to mean "any State, political subdivision of a State, or municipal corporate instrumentality of a State or of a political subdivision of a State, including: (1) [a]ny agency, authority, or instrumentality of the State, political subdivision, or municipal corporate instrumentality; (2) [a]ny plan, program, or pool of assets sponsored or established by the State, political subdivision, or municipal corporate instrumentality or any agency, authority, or instrumentality thereof; and (3) [a]ny other issuer of municipal securities." The BDA believes the MSRB should explain its interpretation of what exactly constitutes a municipal entity and urges the MSRB not to expand the definition to include protecting entities that do not need, do not want, and were not intended to be protected by Congress under the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act").

Price Transparency

The MSRB indicates in the Notice that one of its strategic goals is to improve price transparency for investors and issuers. The BDA supports this goal but would like to reiterate our concern that the information that the MSRB seeks to collect and report from dealers in striving to achieve this goal be examined and thoroughly considered in order to determine if this information is likely to result in any significant or real transparency benefit to the investor and issuers. Simply making more information available about the pricing of municipal securities is not the best way to achieve price transparency and may, in fact, confuse investors and issuers. The information the MSRB seeks to collect and make available to investors and issuers should be information that is somehow subject to verification for accuracy before it is made available. The BDA would be willing to make its members available to work with the MSRB in determining what information would be most meaningful and help the MSRB achieve its goals.

In expressing its goal to increase price transparency in the municipal markets, the MSRB continues to say that such information will be available on its Electronic Municipal Market Access ("EMMA") system. We believe that EMMA can be a useful tool for enhancing transparency in the market and although it has made great strides in the few years since its inception, we believe more work needs to be done

in order to simplify the process by which investors and municipal market professionals are able to locate the information most meaningful to them. Specifically, we sometimes find it hard to pinpoint information relating to a particular security or issuer on EMMA and this is only exacerbated when a CUSIP number has not yet been assigned or is unknown. We can only assume that for someone who is not as familiar with the municipal securities market, or someone who only accesses EMMA a couple of times per year or for a limited number of securities, searches would be even less successful. We strongly believe that the MSRB should continue to prioritize improving both the usability of the EMMA system and the dissemination of information through this platform in the next fiscal year to help further its goal of achieving price transparency.

MSRB Rule Language Should be More Objective

We believe the MSRB should consider the impact of enforcement of its rules and what actions new MSRB rules will require dealers and municipal advisors to take. We appreciate the MSRB's recent transition to a new structure for rule proposals similar to the rule making process utilized by FINRA and other self-regulatory organizations to streamline and harmonize the format in order to make the rules more flexible and easier for dealers and municipal advisors to understand and follow. However, according to our membership, it is very difficult for dealers to predict what data points FINRA examiners will use in determining things like fair pricing obligations under MSRB Rule G-30, Prices and Commissions. Therefore, while we are encouraged by MSRB's transition to a new rule structure in 2014, there are existing rules that have not been reviewed and remain unchanged, where additional objectivity would be welcomed. Therefore, we believe the MSRB should more precisely define its rules going forward, thus allowing examiners to promote and encourage uniformity in their examinations of the market as a whole.

Cost-Benefit Analysis Should be More Rigorous

The BDA appreciates the MSRB's establishment of a policy to provide for the integration of economic analysis into its rulemaking. However, we would encourage the Board to utilize the established guidance for each MSRB rule in a way that more strongly takes into account the increased difficulty that small and middle-market firms have under the current regulatory environment as it is these firms who will be most keenly affected by the rules. In a market with so many unique securities, rules should be designed to encourage more participants in the business and support competition, not to drive people out of the business. Therefore, we would ask that the MSRB further consider any additional impact on competition that may be indirectly affected by proposed rules.

Education, Outreach and Market Leadership

Since the enactment of the Dodd-Frank Act, the regulatory changes impacting broker-dealers in the municipal bond market have occurred at an unprecedented pace and covered an unprecedented scope of activities. The BDA would encourage the MSRB to be proactive in developing training sessions that are coordinated with all of the relevant regulators (SEC, MSRB and FINRA). The session scheduled for

November 2014 to address current issues in compliance and regulation and to provide municipal securities professionals and municipal advisor professionals with an open forum for discussions with regulators about risk management, regulatory issues, and compliance practices should be valuable. Furthermore, the BDA suggests that the MSRB coordinate with dealers and municipal advisors in advance of any future training sessions to help develop agendas and address topics of interest. While in-person attendance at these events is beneficial, the BDA also suggests and supports the MSRB's use of webcasts or other electronic means to broadcast these sessions so that these resources are made available to the widest segment of market participants.

Thank you again for the opportunity to submit these comments.

Sincerely,

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

Michael Nicholas
Chief Executive Officer