



## LEGISLATIVE VIEWPOINT

**New Jersey State League  
of Municipalities**

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June 27, 2017

Municipal Securities Rulemaking Board  
1300 I Street NW, Suite 1000  
Washington, DC 20005

Re: Comment on Notice # 2017-11

To Whom It May Concern,

Operating since 1915, the New Jersey State League of Municipalities is a voluntary non-profit association created to assist New Jersey's local governments by acting as a repository for knowledge and brain power. In addition, the League acts as the collective voice for local governments and, when necessary, advocates on their behalf at both the state and federal levels of government. All 565 New Jersey municipalities are members of the League.

I am writing to you today on behalf of the League's members to provide comments on the proposed MSRB rule change of Rule G-34, concerning requirements for obtaining CUSIP numbers. As a result of the decrease in investment yields on public funds, many local governments have purchased as investments short term bond anticipation notes of other local governments throughout the state. There currently exists a lack of certainty as to whether or not local governments which purchased these notes would need to obtain CUSIP numbers for them.

The draft amendments of Rule G-34 provides an exception to the CUSIP number requirements when under certain circumstances municipal securities are purchased directly by a bank. We propose that a similar exception to the CUSIP number requirements also be made for direct purchases by local governments for their own fund accounts. The reasoning for allowing this exception for municipalities is similar to the reasoning for the bank exception. Quite simply, when a municipal government purchases notes issued by another municipality those notes are being held onto through maturity and never reenter the marketplace. Thus, the CUSIP number's tracking purpose is undermined by the fact that the notes will never enter into the marketplace and therefore unnecessary.

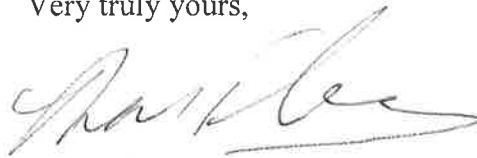
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In addition, requiring municipalities who purchase short term anticipation notes to acquire a CUSIP number could have a chilling effect on the market. This would occur because as municipalities are seeking out investments they may be dissuaded from obtaining these notes due to added complications and costs of acquiring CUSIP numbers.

With infrastructure badly in need of repair and Federal and State funding for such projects becoming more and more scarce, local governments are beginning to rely more heavily on short term bond anticipation notes in order to begin much needed infrastructure projects. An exemption to the CUSIP requirement for municipal governments would remove a roadblock allowing municipalities to more easily invest within their neighboring communities.

Thank you for your consideration of our concerns. Please do not hesitate to contact me should you wish to discuss these comments further.

Very truly yours,

A handwritten signature in black ink, appearing to read "Michael F. Cerra", written in a cursive style.

Michael F. Cerra  
Assistant Executive Director

MFC/sc