



January 12, 2021

**Mr. Ronald W. Smith, Corporate Secretary**  
Municipal Securities Rulemaking Board  
1300 I Street NW, Suite 1000, Washington, DC 20005

**pfm**

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Re: Request for Comment and Input on Strategic Goals and Priorities  
Notice 2020-19

Dear Mr. Smith:

PFM Financial Advisors LLC (“PFM”) welcomes the opportunity to provide our input regarding the strategic objectives and key priorities of the Municipal Securities Rulemaking Board (“MSRB” or the “Board”). PFM is the nation’s largest independent registered municipal advisor and is the top-ranked municipal advisor in the nation in terms of both number of transactions and total dollar amount according to Refinitiv as of September 30, 2020. Our municipal market presence gives us a broad, national perspective on the municipal market on behalf of our municipal advisory activities and the municipal entity issuers we serve.

PFM appreciates the MSRB’s continued focus on suitably shaping the organization’s longer-term strategy and priorities in seeking to best deliver on the core mission as conveyed through the vision and values of the organization. PFM is providing these additional comments for consideration as the goal-setting process should seek to most concisely and adequately address the current and future needs of all applicable marketplace participants relative to the efficient and effective outcomes designed for supporting the municipal market.



### Rulemaking, Guidance Rationalization, and Continued Modernization

The retroactive rule review remains a key and dynamic priority for the MSRB and staff to appropriately advance updates to longstanding guidance while modernizing the applied requirements to fit the current market, the structuring needs of various constituents, and finding balance in the efficiency of maintaining a strong foundation of regulatory compliance. PFM believes the primary rulemaking efforts for independent municipal advisors has been largely completed, and would support the retrospective efforts pertaining to municipal advisors focus on prior or updated guidance for the current real-world application in areas such as gifts, gratuities, contributions (political or charitable), and electronic recordkeeping.

We advocate for and look forward to additional clarity, uniformity, or noting of further distinctions between rule guidance and the more recent compliance resources made available as compliance program aids or as responses to frequently asked questions<sup>1</sup>. We view the additional strategic emphasis in this central area as key for the MSRB to address the management of registrant compliance within regulatory requirements, and we look forward to the helpful simplification that will undoubtedly enhance the efficacy of compliance program application and maintenance.

### Market Development Awareness through Stakeholder Engagement

From PFM's perspective, another area of critical strategic emphasis must center on the current and continued development of the municipal market structure, securities offerings, and communication with municipal market stakeholders. Our primary interest as a municipal advisor is the Board's consideration in this area for the needs of local, state and regional government

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<sup>1</sup> See MSRB website Compliance Resources page (<http://msrb.org/Regulated-Entities/Resources>)



and obligated person market participants, and the effects of the regulatory environment upon their fiscal objectives.

A healthy and strong municipal market will require the MSRB maintain knowledge of the evolving needs and objectives of the municipal market through direct outreach and meaningful interaction with municipal entities, investors, municipal advisors, and municipal securities dealers. This interaction should be centered on garnering market realities and input from market participants where relevant to the rulemaking or regulatory rule amendment needs while seeking input on specific market areas without the unavoidable stiffness of processing comment letter submissions. More often this may not result in MSRB rule changes, however it would inform the MSRB's and market participants' understanding and reduce an unhealthy tendency for misunderstanding each other. For instance, there would likely be benefit derived from direct interaction amongst such an advisory group on current trends in the municipal market such as the marked reduction in tax-exempt issuance or the increase in prevalence of debt exchanges and tenders in larger refunding transactions. Continued cultivation of such a knowledge exchange would also reinforce the relatively agile management needed, and recently displayed, by the MSRB during the beginning stages of the COVID-19 pandemic.

We advocate for the Board to prioritize and establish an advisory group of municipal market stakeholders empowered to provide pointed input on current and evolving market developments.

#### Construal of the MSRB Role and Drive for Organizational Efficiency

As a self-regulatory organization, a constant strategic priority for the MSRB must be to remain clear regarding the organization's role and seek to avoid misinterpretation of that role. The strategic objective setting exercise serves as an opportunity to reaffirm and reinforce the fundamental role and mandate of the Board to set the appropriate regulatory framework for municipal advisors and



dealers, increase market transparency, and provide targeted educational resources<sup>2</sup>. There should not remain too much room for interpretation. As the MSRB emerges from the planning stage and transitions to strategy execution, PFM supports ongoing clarity regarding the Board's priorities, the continued attention to the regulatory cost/benefit analysis for stakeholders, and measurement of the organizational economic efficiency impact for MSRB actions. We advocate for such interpretive discipline and organizational efficiency as it will be critical to the sustainable success of the MSRB and all municipal market stakeholders.

PFM greatly appreciates the continued outreach as the MSRB provides for the opportunity to share our input with the Board and staff during the important strategic planning process. We welcome the opportunity to discuss our comments or to otherwise provide additional helpful assistance.

Sincerely,

Leo Karwejna  
Managing Director  
Chief Compliance Officer

Cc: Ed Sisk, Chair, MSRB  
Mark Kim, Chief Executive Officer, MSRB

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<sup>2</sup> See "The Role and Jurisdiction of the MSRB" (<http://www.msrb.org/msrb1/pdfs/Role-and-Jurisdiction-of-MSRB.pdf>)