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December 4, 2019

Ms. Vanessa A. Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

RE: File Number S7-16-19; Notice of Proposed Exemptive Order Granting a Conditional Exemption from the Broker Registration Requirements of Section 15(a) of the Securities Exchange Act of 1934 for Certain Activities of Registered Municipal Advisors (“Proposed Exemptive Order” or the “Proposed Order”)

Dear Ms. Countryman:

On behalf of Stephens Inc., we want to thank you for the opportunity to share our thoughts and comments regarding the Proposed Exemptive Order. Our firm was founded in 1933, and over the years we have grown to serve a full range of investment banking clients. These clients include public finance issuers and investors throughout the United States. Our firm is both a registered broker-dealer and a registered municipal advisor under the rules of the Securities and Exchange Commission (“the Commission”). As a result, we have a uniquely balanced perspective of the roles and responsibilities of each of these registered entities.

Based on our unique position, we offer the following observations for the consideration of the Commission.

- I. Under the Proposed Exemptive Order, the municipal advisor has an inherent conflict of interest by serving as a fiduciary to issuers of securities, while simultaneously providing fair dealing and safeguards to Qualified Providers. Intriguingly, broker-dealers are not allowed, under existing security regulations, to serve as a private placement agent and concurrently serve as a municipal advisor on the same transaction. Nonetheless, the Proposed Order will allow municipal advisors to serve in both capacities on the same offering. This is perplexing and inconsistent with the intent of the Dodd-Frank Act.
- II. The Proposed Order is contrary to the Commission’s past policies that required broker-dealers to register and pass qualifying examinations in order to become a registered municipal advisor. There were no exceptions or grandfathering of broker-dealers as it related to municipal advisor registration and passage of qualifying examinations. However, the Proposed Order allows municipal advisors to undertake the private placement of securities with a limited regulatory regime as compared to the requirements of broker-dealers. In theory, if the Proposed Order is

approved by the Commission, an individual could simply register as a municipal advisor with little or no investment experience, pay the registration fee, pass the municipal advisory examinations and be qualified to privately place securities in any amount with limited experience and no capital resources to protect the investment community. This seems totally contrary to the Congressional mandate for the Commission to protect the investor community.

- III. We believe it is disingenuous for the Commission to accept the premise that the Order will result in any significant reduction of costs to issuers by allowing municipal advisors to privately place securities. Without the involvement of the registered broker-dealer, municipal advisors are going to incur additional time and resources to develop sales-side relationships and handle the logistics associated with interacting with Qualified Providers. Consequently, as a Municipal Advisor, we believe that over time it will require increasing the municipal advisory fees to issuers in order to cover the increased responsibilities in privately placing securities. We are convinced, the Proposed Order will simply shift the private placement fees and expenses from the registered broker-dealers to the registered municipal advisors, resulting in very minimal, if any, savings to issuers.

In conclusion, it is appropriate to quote the Commission's own adoptive release: "According to the Senate Report related to the Dodd-Frank Act, '[t]he 3 trillion dollar municipal securities market is subject to less supervision than corporate securities markets, and market participants generally have less information upon which to base investment decisions'." Ironically, if this Proposed Order is adopted, it will return the municipal market to a more unregulated state for the Main Street investment community.

While we have participated in the drafting of and concur with the points of opposition outlined in the letters that have been submitted to the Commission by ASA, SIFMA and BDA, we have prepared this letter because we believe it was incumbent on our firm to share with the Commission our observations on the practical implications of the Proposed Exemptive Order and our strong opposition to this exemptive relief. We hope our thoughts will be beneficial to the Commission as you consider this issue.

Again, thank you for the opportunity to share our positions on this very salient business matter. If you have any questions regarding this letter, please feel free to contact us at 1-800-643-9691.

Sincerely,



Dennis Hunt
Executive Vice President
Head of Public Finance



Kevin Burns
Senior Vice President
Associate General Counsel