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*Via Online Submission to:* <http://www.sec.gov/cgi-bin/ruling-comments>

Elizabeth M. Murphy, Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, D.C. 20549

Re: File Number: S7-45-10  
Proposed New Rules 15Ba1-1 through 15Ba1-7 Establishing a Permanent Registration  
Regime to Municipal Advisors (the “Proposed Rule”)

Dear Secretary Murphy:

First Southwest Company (“FirstSouthwest”) submits this letter in response to the request of the Securities and Exchange Commission (the “Commission”) for comments on the Proposed Rule.

As currently set forth in the Proposed Rules, “[t]he Commission is proposing to exclude from the definition of ‘municipal entity’ elected members of a governing body of a municipal entity, but to include appointed members of a municipal entity’s governing body unless such appointed members are ex officio members of the governing body by virtue of holding an elective office.” Further, “the Commission is concerned that appointed members, unlike elected officials and elected ex officio members, are not directly accountable for their performance to the citizens of the municipal entity.” For the reasons set forth below, FirstSouthwest **strongly** suggests that appointed and elected members of a governing body of a municipal entity be **excluded** from the definition of a municipal advisor.

If the Proposed Rules become final, appointed board members of municipal entities (that are not elected ex officio members) who provide advice to their municipal issuers as “municipal advisors” would be subject to (i) registration with the Commission as a municipal advisor, (ii) compliance with not yet determined Municipal Securities Rulemaking Board (the “MSRB”) rules, regulations and examination requirements, (iii) a heightened fiduciary duty with respect to any municipal entity for whom they act as a municipal advisor and (iv) compliance with additional federal regulations.

In response to the Commission’s request for comments on the appropriateness of distinguishing between excluding from the definition of “municipal entity” elected members, but including appointed members, FirstSouthwest believes the distinction is inappropriate because both are

expected and have a fiduciary duty to represent the needs of and be accountable to the citizens of the municipal entity, without added and unnecessary federal regulation. Municipal entity and philanthropic board of directors, whether elected or appointed, are typically governed by internal documentation that include safeguards for qualifications, disqualifications, duties, responsibilities, removal, recall, code of ethics and code of conduct, among other things, - without federal rules and regulations.

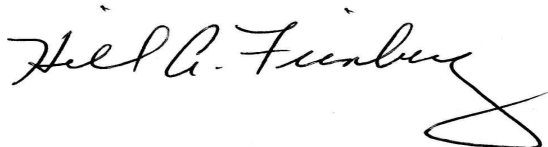
In Texas, the Governor appoints board members to numerous agencies that issue and invest municipal securities. The appointment process for the majority of the boards and commissions, by virtue of the procedures prescribed in the Constitution of the State of Texas, requires that the nomination of a person by the Governor be confirmed by the Texas Senate. This process certainly demonstrates accountability.

Although the Commission does not currently assess a fee for registration as a municipal advisor, the MSRBA assesses an annual fee of approximately \$500.00 for registration. These fees will be burdensome and a hardship to many.

For the reasons set forth herein, FirstSouthwest is concerned that the Proposed Rule will discourage qualified, good, wholesome women and men from serving (often *without* compensation) as board members of municipal entities. Most often, these women and men live in the community where they volunteer their time and talents. Their interest is for the good of their community and not for political or personal gain. If adopted, the Proposed Rules would have a significant, negative effect on the willingness to serve of literally tens of thousands of volunteer board members. Many municipal entities rely on volunteer board members for governance. Our concern is justified by an outcry of numerous FirstSouthwest municipal entity clients asking that we assist with opposing the current form of the Proposed Rule.

Accordingly, FirstSouthwest opposes the current form of the Proposed Rule and proposes that appointed and elected members of a governing body of a municipal entity be **excluded** from the definition of a municipal advisor.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Hill A. Feinberg". The signature is fluid and cursive, with a long, sweeping tail that loops back under the name.

Hill A. Feinberg  
Chairman and CEO