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July 15, 2020

Vanessa Countryman
Secretary
Securities and Exchange Commission
100 F Street NE
Washington DC 20549

Re: File Number SR-MSRB-2020-04

Dear Ms. Countryman:

This letter is being submitted by five former board members of the MSRB. Each of us served as a municipal advisor representative after passage of the Dodd-Frank Act. We participated in the board discussions and decisions that shaped the municipal advisor regulatory regime, and we have followed with interest the more recent actions of the Board. Our comments here and those in our earlier letter to the MSRB dated April 29, 2020, are based on our collective experiences as post Dodd Frank Act MSRB members and municipal advisor practitioners.

Individually the signers have strong opinions about most of the A-3 changes, but we are limiting our comments to just one of these changes—the reduction of the number of municipal advisor representatives on the MSRB to two. We do not agree with this change and submit that three MAs are required to adequately represent the diversity and interests of the MA community and their clients.

As Board members who served from 2010 through 2019, we had expected the intense workload required to include municipal advisors in the regulatory framework would be complete by now. It is not. We do not agree with the MSRB's assertion that "the complex rulemaking necessary to establish the core regulatory framework for a new type of regulated entity—i.e., municipal advisors—that rulemaking activity is now complete." Rather we note that activities during the past two years have underscored the difficulty of incorporating municipal advisors into the regulatory framework. Discussions of Rules G-34 and G-23 are but two of the ongoing conversations that impact municipal advisors.

These discussions, together with recent comments by broker-dealers in comment letters, public addresses and in the press, indicate a continuing tension between the municipal advisor and broker dealer communities. The discussions of the Temporary Exemptive Order Granting a Conditional Exemptions for Certain Activities of Registered Municipal Advisors (Release No. 34-89074) and the Proposed Exemptive Order (Release No. 34-87204) have exposed significant differences between broker-dealers and municipal advisors. Furthermore, we have been put on notice by the Board that they believe the MSRB's revenue structure is inequitable and that municipal advisors should expect to pay a larger share of the Board's budget in the future.

We are alarmed by the proposal made by The Bond Dealers of America in their letter to you of this same date, stating:

Under the proposed new Rule A-3, while nearly 30 percent of regulated members of the Board will be municipal advisors, non dealer MAs contribute less than 10 percent of the MSRB's revenue derived from industry assessments. We call on the MSRB to set the ratio of board seats between dealers and MAs based

on each constituency's relative financial contribution to the organization, subject to statutory requirements. This is the best approach in terms of fairness and burden sharing.¹

We do not agree that representation should be proportionate to fees and assessments.

Independent municipal advisors must be at the table to present their views. Simply put, the diverse nature of the municipal advisor community cannot be represented by two representatives on a 15-member Board, nor is it reasonable to expect two municipal advisors to be able to make their voices heard when there are five broker-dealer representatives. Rule A-3 recognizes the difference between non-bank and bank broker-dealers, we ask that the broad and different nature of our MA businesses also be considered.

We agree with the statement made by the MSRB in their September 2011 response to comment letters from SIFMA and others:

While the statute requires that there be at least one municipal advisor representative on the Board, it is the view of the Board that no less than 30% of the members representing regulated entities should be municipal advisors that are not associated with broker-dealers or bank dealers, and, therefore, the MSRB does not agree with SIFMA's comment that this level of representation of municipal advisors is disproportionately large. Although the MSRB has made substantial progress in the development of rules for municipal advisors, its work is not complete. Indeed, over the years, it will continue to write rules that govern the conduct of municipal advisors and provide interpretive guidance on those rules, just as it has over the years for broker-dealers since it was created by Congress in 1975. Just as SIFMA considers it essential that broker-dealers and bank dealers participate in the development of rules that affect them, the MSRB believes that it is essential that municipal advisors participate in the development of rules that affect them. The MSRB believes that allotting at least 30% of the regulated entity positions to municipal advisors that are not associated with broker-dealers or bank dealers will assist the Board in its rulemaking process...and will inform its decisions regarding other municipal advisory activities while not detracting from the Board's ability to continue its existing rulemaking duties with respect to broker-dealer and bank activity in the municipal securities market.²

As active participants in the municipal market we appreciate the opportunity to submit this comment letter to preserve fair and adequate representation of the municipal advisor community.

Sincerely,

Steve Apfelbacher
Board Member, October 2014 - September 2017

Renee Boicourt
Board Member, October 2016 - September 2018

Marianne Edmonds
Board Member, October 2012 - September 2015

Robert Lamb
Board Member, October 2010 - September 2013
Vice Chair, October 2011 - September 2012

Noreen White
Board Member, October 2010 - September 2014

¹<https://www.bdamerica.org/news-items/bda-sends-comments-to-sec-on-proposed-changes-to-msrb-rules-a-3-and-a-6-on-board-composition-and-governance/>¹.

² MSRB letter to SEC dated 9/19/2011 re: File No. SR-MSRB-2011-11