



March 12, 2013

Ronald W. Smith  
Corporate Secretary  
Municipal Securities Rulemaking Board  
1900 Duke Street  
Alexandria, VA 22314

**Re: MSRB Notice 2013-04 (February 11, 2013):  
Request for Comment on Codifying Time of Trade Disclosure  
Obligation Proposed Rule G-47**

Dear Mr. Smith:

The Securities Industry and Financial Markets Association (“SIFMA”)<sup>1</sup> appreciates the opportunity to comment on the Municipal Securities Rulemaking Board’s (“MSRB”) Request for Comment on Codifying Time of Trade Disclosure Obligation and proposed Rule G-47<sup>2</sup> (the Proposal”). Over time, MSRB Rule G-17, through a myriad of interpretive guidance, has been applied to varied unrelated activities. SIFMA, therefore, generally supports the concept behind this initial effort by the MSRB to provide clarity to regulated entities by reorganizing or eliminating certain interpretive guidance associated with MSRB Rule G-17 into new or revised rules that highlight core principles.

However, as detailed below, SIFMA believes the Proposal has significant gaps as well as represents a significant expansion of the existing time of trade obligation and does not fulfill the MSRB’s stated objective that “[t]he codification of the interpretive guidance into a rule is not intended to substantively change the time of trade disclosure obligation. Rather, the codification is an effort to consolidate the current obligations into one easy to follow rule . . . and [to] make the rules more flexible and easier for dealers and municipal advisors to understand and follow.” Accordingly, SIFMA’s members believe a re-proposal

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<sup>1</sup> SIFMA brings together the shared interests of hundreds of securities firms, banks and asset managers. SIFMA’s mission is to support a strong financial industry, investor opportunity, capital formation, job creation and economic growth, while building trust and confidence in the financial markets. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA).

<sup>2</sup> MSRB Notice 2013-04 (February 11, 2013) available at <http://msrb.org/Rules-and-Interpretations/Regulatory-Notices/2013/2013-04.aspx?n=1>.

is warranted and suggest that existing interpretive notices be reorganized similarly to the way the MSRB reorganized the Rule G-37 interpretive notices into a more user friendly format<sup>3</sup>. Additionally, it is not apparent that the proposed codification of existing guidance and new rule format will provide any material benefit to brokers, dealers, or municipal securities dealers. Complete, comprehensive, and consolidated “time of trade disclosure obligation” requirements and guidance should be considered.

## I. Dealers’ Longstanding Time-of-Trade Disclosure Requirement

Since its adoption, Rule G-17, the MSRB’s fair dealing rule, has encompassed two general principles: a duty on brokers, dealers, or municipal securities dealers not to engage in deceptive, dishonest, or unfair practices; and imposing a duty to deal fairly<sup>4</sup>. The first prong of rule G-17 is essentially an antifraud prohibition. As for the second prong, as part of a dealer’s obligation to deal fairly, the MSRB has interpreted the rule to create affirmative disclosure obligations for dealers. The MSRB has stated that a dealer’s affirmative disclosure obligations require that a dealer disclose, at or before effecting a municipal securities transaction<sup>5</sup> with a customer, a complete description of the security, and all material facts about a transaction known to the dealer, as well as material facts about a security when such facts are reasonably accessible to the market. These obligations apply even when a dealer is acting as an order taker and effecting non-recommended secondary market transactions.<sup>6</sup>

## II. Existing Interpretive Notices

As noted in MSRB Notice 2013-04, Rule G-17 is a principles-based rule, which has been expanded upon through numerous interpretive notices and interpretive letters. Time of trade disclosure guidance has been covered by the MSRB in at least twenty three interpretive or regulatory notices<sup>7</sup>, three of which were filed with or approved by the

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<sup>3</sup> See Rule G-37 Interpretive Questions and Answers (February 25, 2004) available at <http://msrb.org/Rules-and-Interpretations/MSRB-Rules/General/~link.aspx?id=9880F6021140412A80C5234F33980302&z=z>

<sup>4</sup> See Exchange Act Release No. 13987 (September 22, 1977). The duty to “deal fairly” is intended to “refer to the customs and practices of the municipal securities markets, which may, in many instances differ from the corporate securities markets.”

<sup>5</sup> SIFMA notes (as further discussed in Section VII.a.i.) previously issued MSRB guidance primarily focuses the time of trade disclosure obligations on when a dealer is *selling* a municipal bond to a customer. Several MSRB Notices *only* describe the disclosure requirement as arising when selling a municipal security. Very limited guidance, (and none recently) has been issued covering situations when a customer is selling a bond.

<sup>6</sup> See MSRB Notice 2002-10 (March 25, 2002), available at <http://msrb.org/Rules-and-Interpretations/Regulatory-Notices/2002/2002-10.aspx?n=1>, approved by the Securities and Exchange Commission (Release 34-45591) (March 20, 2002).

<sup>7</sup> See MSRB Notice 2013-04, at Note 3. Additionally, See MSRB Notice 2012-27, Securities and Exchange Commission approves the restatement of an interpretive notice of the Municipal Securities

Securities and Exchange Commission<sup>8</sup> (“SEC”), most recently in restating the application of Rule G-17 to sophisticated municipal market professionals<sup>9</sup>. These notices came about due to a variety of circumstances – and contain nuances that are easily lost in the short bullet point format of the “specific scenarios” in Proposed Rule G-47.

### III. Consolidated Interpretive Notices

The MSRB has noted in the Proposal that “[m]arket participants have expressed concern regarding the difficulty of reviewing years of interpretive guidance to determine current obligations”. SIFMA suggests that the MSRB consolidate existing interpretive notices and guidance into a user friendly format similar to the format previously utilized by the MSRB when it reorganized the Rule G-37 interpretive notices into a more user friendly format<sup>10</sup> – preserving the text of the original notices, but consolidating in one place the guidance given by the MSRB concerning disclosure obligations generally and in specific scenarios. We believe a good starting point for consolidated guidance is MSRB Notice 2011-67 (November 30, 2011), where the MSRB answered frequently asked questions regarding dealer disclosure obligations under Rule G-17.

### IV. Absence of SMMP

A dealer’s time of trade disclosure requirements are significantly affected by the status of a customer as a Sophisticated Municipal Market Professional (“SMMP”). While it is our understanding that the MSRB plans to codify dealings with SMMPs into a rule separate from both G-17 and Proposed Rule G-47, since the only current SMMP interpretive guidance primarily relates to time of trade disclosures, we strongly believe that G-47 should affirm existing guidance regarding providing time of trade disclosures to SMMPs: when a dealer has reasonable grounds for concluding that the customer is an SMMP, the dealer’s obligation to ensure disclosure of material information available from established industry sources is fulfilled.

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Rulemaking Board (“MSRB”) concerning the application of MSRB Rule G-17 (on conduct of municipal securities and municipal advisory activities) to sophisticated municipal market professionals or “SMMPs” (the “Restated Notice”). The full text of the Restated Notice is available at [http://msrb.org/Rules-and-Interpretations/MSRB-Rules/General/Rule-G-17.aspx?tab=2#\\_D37D3EF9-F642-4A63-A40D-3A6B33B5260A](http://msrb.org/Rules-and-Interpretations/MSRB-Rules/General/Rule-G-17.aspx?tab=2#_D37D3EF9-F642-4A63-A40D-3A6B33B5260A). See also, MSRB Notice 2009-28 (June 1, 2009) available at <http://msrb.org/Rules-and-Interpretations/Regulatory-Notices/2009/2009-28.aspx?n=1>.

<sup>8</sup> See MSRB Notice 2002-10, *supra* note 5, MSRB Notice 2009-42 (July 14, 2009) available at <http://msrb.org/Rules-and-Interpretations/Regulatory-Notices/2009/2009-42.aspx?n=1>, and the Restated Notice, *supra* note 6.

<sup>9</sup> See the Restated Notice, *supra* note 6.

<sup>10</sup> See *supra* note 3.

## **V. Proposed Deletion of MSRB Notice 2002-10**

Under the Proposal, the MSRB has identified MSRB Notice 2002-10<sup>11</sup> for deletion. MSRB Notice 2002-10 is one of the few MSRB notices discussing a dealer's time of trade disclosure obligations that has been approved by the SEC. While the substance of the main text of this notice has been captured by Proposed Rule G-47, a critical discussion has been omitted – which does not exist in any other SEC filed or approved MSRB notice providing guidance on time of trade obligations. Specifically, Footnote 7 details the time of trade obligations of dealers operating electronic trading platforms:

Dealers operating electronic trading platforms have inquired whether providing electronic access to material information is consistent with the obligation to disclose information under rule G-17. The MSRB believes that the provision of electronic access to material information to customers who elect to transact in municipal securities on an electronic platform is generally consistent with a dealer's obligation to disclose such information, but that whether such access is effective disclosure ultimately depends upon the particular facts and circumstances present.

SIFMA's members have relied on this language in developing longstanding policies and procedures to provide time of trade disclosures to customers utilizing electronic trading platforms. The discussion above was most recently affirmed and cited by the MSRB in MSRB Notice 2011-67<sup>12</sup>, which was not approved by or filed with the SEC. Deletion of MSRB 2002-10 calls into question the validity of this section in MSRB 2011-67. SIFMA believes it is critical that this concept be affirmed by the MSRB in Rule G-47 which has been inadvertently deleted or superseded through the Proposal.

## **VI. Proposed Deletion of MSRB Notice 2002-05**

Under the Proposal, the MSRB has identified MSRB Notice 2002-05<sup>13</sup> for deletion. We note that this is the only existing guidance concerning the time of trade disclosure obligation on securities sold below minimum denominations. Our members believe the background information contained in this notice is important to understanding the scope of this specific scenario that may be material to the transaction:

Municipal securities issuers sometimes set a relatively high minimum denomination, typically \$100,000, for certain issues. This may be done so that the issue can qualify for one of several exemptions from Securities Exchange Act Rule 15c2-12, meaning that the issue

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<sup>11</sup> MSRB Notice 2002-10 (March 25, 2002), available at <http://msrb.org/Rules-and-Interpretations/Regulatory-Notices/2002/2002-10.aspx?n=1> .

<sup>12</sup> See MSRB Notice 2011-67 (November 30, 2011), MSRB Answers Frequently Asked Questions Regarding Dealer Disclosure Obligations Under Rule G-17, available at <http://msrb.org/Rules-and-Interpretations/Regulatory-Notices/2011/2011-67.aspx?n=1> .

<sup>13</sup> MSRB Notice 2002-05 (January 31, 2002) available at <http://msrb.org/Rules-and-Interpretations/Regulatory-Notices/2002/2002-05.aspx?n=1> .

would not be subject to certain primary market or continuing disclosure requirements. In other situations, issuers may set a high minimum denomination even though the issue is subject to Securities Exchange Act Rule 15c2-12. This may be because of the issuer's (or the underwriter's) belief that the securities are not an appropriate investment for those retail investors who would be likely to purchase securities in relatively small amounts.

Thus, SIFMA supports keeping MSRB Notice 2002-05 intact.

## **VII. The Proposed Rule is an Expansion of Current MSRB Guidance and Lacks Critical Nuances and Perspective**

### **a. The Proposed Rule and Definitions**

SIFMA believes that the proposed rule is overly broad, prohibits certain existing sanctioned practices, and includes requirements beyond existing MSRB interpretive guidance. Additionally, the proposed rule lacks certain critical nuances.

#### **i. Customer Sales**

In its Proposal, the MSRB has made no distinction between the dealer's time of trade disclosure obligation for sales to customers and purchases from customers. That is inconsistent with current MSRB guidance. Existing MSRB guidance primarily focuses on time of trade disclosure obligations when a dealer is *selling* a municipal bond to a customer.<sup>14</sup> Very limited guidance has been issued covering situations when a customer is selling a bond.<sup>15</sup> SIFMA believes this proposed extension of a time of trade disclosure obligation—undifferentiated by the type of trade—is not warranted, as arguably the selling customer knows the features of the security that it owns and the potential purchaser is about

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<sup>14</sup> See MSRB Notice 2010-37 (September 20, 2010), MSRB Reminds Firms of their Sales Practice and Due Diligence Obligations when *Selling* Municipal Securities in the Secondary Market (emphasis added), available at <http://msrb.org/Rules-and-Interpretations/Regulatory-Notices/2010/2010-37.aspx?n=1>. See also MSRB Notice 2011-67, *supra* note 4 (“On September 20, 2010, the MSRB and FINRA issued reminder notices to brokers, dealers and municipal securities dealers (“dealers”) of their sales practice obligations when *selling* municipal securities in the secondary market (the “2010 Notices”). The 2010 Notices reiterate MSRB interpretive guidance issued to dealers in prior years, including MSRB Notices 2002-10 (the “2002 Notice”) and 2009-42 (the “2009 Notice”), which were filed with the Securities and Exchange Commission (“SEC”)” (citations omitted and emphasis added)

<sup>15</sup> See MSRB Interpretation of February 18, 1993 (Put option bonds: safekeeping, pricing), available at [http://msrb.org/Rules-and-Interpretations/MSRB-Rules/General/Rule-G-17.aspx?tab=3#\\_ECDFD5BE-5AD9-4065-B572-8A79858618EA](http://msrb.org/Rules-and-Interpretations/MSRB-Rules/General/Rule-G-17.aspx?tab=3#_ECDFD5BE-5AD9-4065-B572-8A79858618EA). See also MSRB Interpretation of April 30, 1986 (Description provided at or prior to the time of trade), available at [http://msrb.org/Rules-and-Interpretations/MSRB-Rules/General/Rule-G-17.aspx?tab=3#\\_9D2E1273-8A20-4E4A-9258-533D9281F890](http://msrb.org/Rules-and-Interpretations/MSRB-Rules/General/Rule-G-17.aspx?tab=3#_9D2E1273-8A20-4E4A-9258-533D9281F890). And see MSRB Interpretation June 12 1995 (Transactions in Municipal Securities with Non-standard Features Affecting Price/Yield Calculations), available at [http://msrb.org/Rules-and-Interpretations/MSRB-Rules/General/Rule-G-17.aspx?tab=2#\\_E02C6245-CBC5-4B0C-85E3-EFBCA76963FF](http://msrb.org/Rules-and-Interpretations/MSRB-Rules/General/Rule-G-17.aspx?tab=2#_E02C6245-CBC5-4B0C-85E3-EFBCA76963FF).

to assume such risks.<sup>16</sup> This new requirement could be harmful to customers and would also be unnecessarily burdensome for dealers. For example, a particular dealer may not have recommended or even sold the bond to the particular customer – and may not be familiar with the credit. Researching and disclosing all material facts about such a bond to a customer who simply wants to sell it will delay the trade; it’s unclear what the benefit to the selling customer would be. Another scenario to consider is when an estate has given its dealer instructions to liquidate an entire portfolio. Again, requiring a dealer to meet an identical time of trade disclosure obligation when the sale is by, not to, a customer could decrease liquidity while the dealer does its own diligence, as well as increase the cost of the trade. SIFMA believes that a dealer’s role in a customer sale transaction is to facilitate that sale at a fair and reasonable price; this primarily requires an examination of the market and trading data relative to that security. We urge the MSRB to explicitly recognize that a substantially different time of trade obligation exists in these circumstances – and that the Proposal’s “Disclosure Obligations in Specific Scenarios” may not be applicable at all when a customer seeks to sell its holdings. If the MSRB extends an undifferentiated time of trade disclosure obligation to customer sale transactions, we request that the MSRB conduct a thorough cost benefit analysis.

## **ii. Rating Agency Reports**

SIFMA’s members request that the MSRB clarify “rating agency reports” within the definition of “established industry sources” contained in Proposed Rule G-47(b)(i). SIFMA understands the reference to “rating agency reports” to mean reports that are produced by rating agencies and made publicly available by the rating agencies without a subscription. Additionally, the use of the term “reports” has the further implication to distribute credit event-driven reports and that disclosure of the rating action alone is insufficient. The MSRB should further clarify that firms are under no obligation to distribute such reports.

## **iii. Material Information**

The Proposal defines in Section (b) (ii), material information as “Information is considered to be material if there is a substantial likelihood that the information would be considered important or significant by a reasonable investor in making an investment decision.” SIFMA’s members believe that this definition should be modified to exclude unpublished price sensitive information (“UPSI”), sometimes also referred to as non-public material information. Often a public finance department may be aware of a yet to be announced ratings change, planned tender offer, or an impending, not yet public, refunding transaction. Broker-dealers routinely impose information barriers between investment bankers and trading personnel to prevent insider trading in advance of a new offering, and we do not believe Proposed Rule G-47 should require those barriers to be dismantled. We

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<sup>16</sup> SIFMA and its members acknowledge that knowledge professionally available to dealers, such as a ratings change that has not yet been noticed to EMMA, or a call at par announced minutes ago via Bloomberg, is material and should be disclosed.

believe this clarification would be consistent with existing time of trade disclosure obligations and securities laws generally.

While SIFMA appreciates the reiteration of a definition of "material information" in the proposed Rule, we believe it would be helpful for the MSRB to explicitly address the concept that an event disclosed by an issuer or obligated person pursuant to a SEC Rule 15c2-12 continuing disclosure agreement ("CDA") does not necessarily constitute "material information" that would be required to be disclosed to investors; and that even if such information was material at the time it was disclosed, that it does not remain material forever. Long-past credit ratings changes, or substitutions of trustees, or a continuing disclosure filing that was a few days late five years ago should not *automatically* be deemed material at the time of trade merely because these events triggered a disclosure obligation pursuant to the CDA at the time of occurrence. It is our understanding that the MSRB wants the customer to be informed of important relevant information at the time of trade, which will certainly include information about structure and recent events affecting the credit, price, and yield of the security. However, unless some reasonable limit is placed on the ever-expanding total universe of information available about securities (that often have a lifespan of twenty years or more), the customer is at risk of being drowned in a sea of details by dealers uncertain whether anything may legitimately be excluded from time-of-trade disclosure. This will not help the customers to make an informed decision about a purchase. FINRA's Municipal Securities Disclosure Report, which is published monthly, only identifies those events filed within the past six months. SIFMA suggests that a six month look back would be a reasonable time limit for disclosing past information.

## **b. Supplementary Material**

### **i. Manner and Scope of Disclosure**

The Proposal seems to eviscerate recent MSRB "access=delivery" initiatives, including the MSRB's recent concept proposal to require underwriters to submit preliminary official statements ("POSs") to the MSRB's Electronic Municipal Market Access ("EMMA") system.<sup>17</sup> In connection with marketing new issues of municipal securities to customers, dealers have relied upon MSRB guidance that providing a POS, when available, to a customer "can serve as a primary vehicle for providing the required time-of-trade disclosures under Rule G-17, depending upon the accuracy and completeness of the POS as of the time of trade."<sup>18</sup> In MSRB Notice 2012-61, the MSRB identified a variety of "access=delivery" methods that a customer could use to access a POS:

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<sup>17</sup> See MSRB Notice 2012-61 (December 12, 2012) available at <http://msrb.org/Rules-and-Interpretations/Regulatory-Notices/2012/2012-61.aspx?n=1>. SIFMA's comments on MSRB Notice 2012-61 are available at <http://www.sifma.org/issues/item.aspx?id=8589941965>.

<sup>18</sup> MSRB Notice 2009-28 (June 1, 2009) available at <http://msrb.org/Rules-and-Interpretations/Regulatory-Notices/2009/2009-28.aspx?n=1>.

If an issuer has prepared a preliminary official statement for a new issue of municipal securities, it will typically make it available to the market by various methods, including posting it electronically on an issuer's website or a commercial site, or by making it available electronically (or in hard copy) through its financial advisor or directly to investors upon request. Typically, preliminary official statements posted electronically are made available to syndicate and selling group members by access to an internet link and in some cases a password. A dealer may then access the preliminary official statement, download it as a portable document format (PDF) file and transmit it to other non-syndicate member dealers or to a dealer's own clients. Alternatively, a dealer may direct interested persons to the link itself.

Providing access to a POS, whether on EMMA or some other electronic platform, should continue to satisfy a dealer's time of trade obligation for new issues of municipal securities. Proposed Rule G-47.01 (b) and (c) seems to prohibit activity recently championed by the MSRB. Furthermore, the proposed new obligation could create a risk of having dealers misinterpret or inadequately summarize the information available where a POS is made available to investors.

SIFMA also requests further clarification to the types of "disclosure of general advertising materials" referenced in Proposed Rule G-47.01 (c) that the MSRB believes are inadequate. Like the MSRB itself, many dealers have sought to continually educate and inform their customers about the features and risks of municipal bonds. (The MSRB may regard these as "advertising materials".) It is clearly better for customers to be pre-briefed on concepts such as optional calls or the role of a liquidity provider, so that time of trade disclosure can be efficient and allow for prompt execution. The Rule as drafted permits disclosures "at or prior to the time of trade", and customer-facing educational material should not be rendered legally worthless by the need to make other, time-specific disclosures at the time of trade.

### **c. Disclosure Obligations in Specific Scenarios**

With respect to the 15 specific scenarios listed in the Proposal that *may* be material under certain circumstances and require time of trade disclosure to a customer, SIFMA's members are concerned that this list is too prescriptive for a principles-based rule and will become a *de facto* enforcement check list for regulators – whether or not the *information* is actually material in the context of the particular transaction. It may also have the unintended consequence of dealers relying on the four corners of the notice – and not consider other unenumerated factors that may become material in the future. If the MSRB proceeds with proposed rule format, we suggest that the existing related interpretive notices be reorganized by specific scenarios, as many of the listed specific scenarios are the subject of more than one interpretive notice.

Below are comments on some of the specific scenarios listed in the Proposal:

Credit risks and ratings: Unlike many of the other specific scenarios which address static bond features, credit ratings are potentially more fluid. Accordingly, as noted above,



it would be helpful to define a material look-back period for credit ratings changes for purposes of time of trade disclosure.

Securities sold below the minimum denomination: See our discussion above in Section VI<sup>19</sup>.

Securities with non-standard features: This is an impossibly amorphous definition. The prior uses of this term have been related to situations where the bonds pay interest annually, rather than semi-annually --a fact that affects yield calculations. This new usage seems to have no bounds, and adds the traditional interpretation as an afterthought. In this context it would be helpful to know what the MSRB considers to be *standard* features, aside from semi-annual interest payments?

Issuer's intent to pre-refund. Unless this has been publicly announced, it will not be known to established industry sources, and would likely be material non-public information.

Failure to make continuing disclosure filings: SIFMA's members are concerned that this requirement is too open ended and that it should be made clear (either in Proposed Rule G-47 or new interpretive guidance) that for secondary market trades the "discovery" by a dealer that an issuer has failed to make filings required under its continuing disclosure agreements is limited to a dealer's review of "failure to file" notices on EMMA pursuant to Rule 15c2-12, if any.<sup>20</sup> For primary offerings, a more robust obligation, i.e. to review the financial statement filings as they are posted on EMMA, is made possible by the access of the underwriter to the issuer in a primary offering context.

#### **d. Processes and Procedures**

Our members believe that Proposed Rule G-47.04, Processes and Procedures, is an expansion of current regulatory requirements, is too narrow, and omits critical guidance as set forth in MSRB Notice 2011-67<sup>21</sup>.

Proposed Rule G-47.04 states:

**Processes and Procedures.** Brokers, dealers, and municipal securities dealers must implement processes and procedures reasonably designed to ensure that material information

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<sup>19</sup> We also note that some sales below minimum denominations occur in the context of estate settlement. The deceased's will evenly divides securities holdings, and brother then sells to sister to re-create a minimum denomination in one or the other's portfolio. In such cases, the purchasing legatee is *enhancing*, not decreasing, the liquidity of the holding.

<sup>20</sup> Our members strongly believe "failure to file" notices that pre-date EMMA are not considered material to a current trade as the market long ago absorbed such information.

<sup>21</sup> See MSRB Notice 2011-67 (November 30, 2011), MSRB Answers Frequently Asked Questions Regarding Dealer Disclosure Obligations under Rule G-17, available at <http://msrb.org/Rules-and-Interpretations/Regulatory-Notices/2011/2011-67.aspx?n=1>.

regarding municipal securities is disseminated to registered representatives who are engaged in sales to and purchases from a customer.

The related relevant language in MSRB Notice 2011-67 is:

**What are the supervisory obligations of dealers regarding the fair dealing and disclosure obligations under MSRB Rule G-17?**

Under MSRB Rule G-27, dealers must supervise their municipal securities business and ensure they have adequate policies and procedures in place to monitor the effectiveness of their supervisory systems. They must supervise the municipal securities activities of their associated persons, have adequate written supervisory procedures, and implement supervisory controls to ensure their supervisory procedures are adequate. Importantly, dealers must implement processes to ensure that material information regarding municipal securities is disseminated to their registered representatives who are engaged in sales to and from customers. *It would be insufficient for a dealer to possess such material information, if there were no means by which a registered representative could **access** it and provide such information to customers.* (citations omitted and emphasis added)

A dealer that provides its registered representatives *access* to such information satisfies current MSRB guidance under G-17. This should similarly be sufficient under G-47. We also note that incorporating this guidance into Proposed Rule G-47 is an expansion of existing regulatory obligations as currently approved by the SEC – and is not merely a codification of existing regulations. Any enforcement against dealers for failing to disseminate or provide access to their registered representatives of material information regarding municipal securities should be applied solely prospectively.

### **VIII. Conclusion**

SIFMA sincerely appreciates this opportunity to comment upon the Proposal. SIFMA generally supports the concept behind this initial effort by the MSRB to provide clarity to regulated entities by reorganizing or eliminating certain interpretive guidance associated with MSRB Rule G-17 into new or revised rules that highlight core principles. However, as detailed above, SIFMA believes the Proposal has significant gaps as well as represents a significant expansion of the existing time of trade obligation and does not fulfill the MSRB's stated objective not to substantively change the time of trade disclosure obligation through this Proposal. Accordingly, SIFMA's members believe a re-proposal is warranted.

We would be happy to meet with you and the MSRB's staff to discuss our comments further. Please do not hesitate to contact me with any questions at (212) 313-1265.

Sincerely yours,

A handwritten signature in blue ink that reads "David L. Cohen". The signature is fluid and cursive, with the first name "David" being the most prominent.

David L. Cohen  
Managing Director  
Associate General Counsel

cc:

***Municipal Securities Rulemaking Board***

Lynnette Kelly, Executive Director

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Gary L. Goldsholle, General Counsel

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