



March 7, 2023

VIA ELECTRONIC SUBMISSION

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

Re: File Number SR-MSRB-2023-01; Notice of Filing of a Proposed Rule Change Consisting of Amendments to MSRB Rule G-40, on Advertising by Municipal Advisors, and MSRB Rule G-8, on Books and Records

Dear Ms. Countryman,

The Securities Industry and Financial Markets Association (“SIFMA”)¹ appreciates this opportunity to provide input to the Securities and Exchange Commission (“SEC”) on the Municipal Securities Rulemaking Board’s (“MSRB’s”) Filing of a Proposed Rule Change Consisting of Amendments to MSRB Rule G-40, on Advertising by Municipal Advisors, and MSRB Rule G-8, on Books and Records (the “Filing”).²

We urge the SEC to disapprove this Filing. The Filing incorporates significant rule changes that commenters were not given opportunity to comment on to the MSRB prior to the filing of the proposed amendments with the SEC. SIFMA members believe that:

- MSRB Rule G-40 will be unnecessarily complicated by including solicitor municipal advisors.
- Municipal advisor testimonials by third parties should be permitted, in order to harmonize MSRB G-40 with the Investment Advisers Act³ as well as Rule G-21 covering brokers, dealers, and municipal securities dealers.

¹ SIFMA is the leading trade association for broker-dealers, investment banks and asset managers operating in the U.S. and global capital markets. On behalf of our industry's nearly 1 million employees, we advocate for legislation, regulation and business policy, affecting retail and institutional investors, equity and fixed income markets and related products and services. We serve as an industry coordinating body to promote fair and orderly markets, informed regulatory compliance, and efficient market operations and resiliency. We also provide a forum for industry policy and professional development. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA).

² 88 Fed. Reg. 9580 (Feb. 14, 2023).

³ Investment Advisers Act of 1940 (54 Stat. 847, 15 U.S.C. 80b-1 - 80b-2).

- The MSRB should consider updating its FAQs regarding the use of social media or adding related additional compliance tools.

I. MSRB Rule G-40 Will Be Unnecessarily Complicated by Including Solicitor Municipal Advisors.

MSRB Rule G-40 on advertising by municipal advisors will be unnecessarily complicated by including solicitor municipal advisors. Although SIFMA appreciates the efforts to harmonize MSRB Rule G-40 with the recent amendments to the Investment Advisers Act, it is important for regulations to be clear and workable. Including solicitor municipal advisors in MSRB Rule G-40 complicates the rule to the point that it becomes significantly less clear. For example, SIFMA members believe that the section of the rule addressing paid testimonials requires clarification due to the complexity of the language trying to differentiate the standards for municipal advisors from solicitor municipal advisors. Solicitor municipal advisor activity is thought to occur rarely in the municipal securities market. SIFMA suggests that any language relating to solicitor municipal advisors should be kept in MSRB Rule G-46 on the duties of solicitor municipal advisors. Keeping all solicitor advisor regulation in one rule avoids unnecessarily complicating other rules for activity that occurs rarely across the industry.

II. Municipal Advisor Testimonials by Third Parties Should Be Permitted to Harmonize MSRB Rule G-40 with the Investment Advisers Act and MSRB Rule G-21 Covering Brokers, Dealers, and Municipal Securities Dealers.

The proposed amendments to MSRB Rule G-40 would limit testimonials to those from clients and former clients. In contrast, the Investment Advisers Act permits third party and non-client testimonials. In order to further harmonize MSRB Rule G-40 with the Investment Advisers Act and MSRB Rule G-21 on advertising by brokers, dealers and municipal securities dealers, testimonials for municipal advisors should not be limited to only clients and former clients. SIFMA members would appreciate the MSRB justifying the rationale for this deviation from other similar rules. Harmonization of rules, whenever possible, increases understanding of the rules by market participants, and enhances the ability of regulated parties to consistently comply with the rules.

III. The MSRB Should Update Its FAQs Regarding the Use of Social Media.

In 2019, the MSRB provided frequently asked questions and answers regarding the use of social media under MSRB Rule G-21 and MSRB Rule G-40. Technology and social media have changed dramatically over the past few years, and SIFMA members feel it would be helpful for the MSRB to review the FAQs in light of these changes and the proposed amendments to MSRB Rule G-40. Additional compliance tools on these topics could be useful for regulated parties seeking to comply.

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Thank you for considering SIFMA's comments. Overall, SIFMA appreciates the MSRB's goal to harmonize MSRB Rule G-40 with the Investment Advisers Act. However, SIFMA asks the

SEC to disapprove this Filing to ensure that sufficient time is given to address industry comments and concerns. If a fuller discussion of our comments would be helpful, I can be reached at (212) 313-1130 or lnorwood@sifma.org.

Sincerely,

A handwritten signature in black ink, appearing to be 'LNorwood', written over a faint, light-colored signature line.

Leslie M. Norwood
Managing Director
and Associate General Counsel

cc: ***Municipal Securities Rulemaking Board***

Saliha Olgun, Interim Chief Regulatory Officer

Gail Marshall, Senior Advisor to Chief Executive Officer