MSRB
Municipal Securities
Rulemaking Board

January 31, 2012

Office of the Comptroller of the Currency
250 E Street, SW., Mail Stop 2-3
Washington, DC 20219
Docket ID OCC-2011-14; RIN 1557-AD44

Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW.,
Washington, DC 20551
Attn: Jennifer J. Johnson, Secretary
Docket No. R-1432; RIN 7100-AD82

Federal Deposit Insurance Corporation
550 17th Street, NW.,
Washington, DC 20429
Attn: Comments
Robert E. Feldman, Executive Secretary
RIN No. 3064-AD85

Securities and Exchange Commission
100 F Street, NE.,
Washington, DC 20549-1090
Attn: Elizabeth M. Murphy, Secretary
Release No. 34-65545; File No.S7-41-11; RIN 3235-AL07

Re: Restrictions on Proprietary Trading and Certain Interests in, and Relationships with, Hedge Funds and Private Equity Funds

Ladies and Gentlemen:

The Municipal Securities Rulemaking Board ("MSRB") welcomes this opportunity to provide comments on the joint rulemaking proposal (the "Volcker Proposal") of your respective agencies (the "Agencies"), as identified above. The MSRB appreciates the efforts of the Agencies to address concerns about speculative activities on the part of banking entities, without disrupting the functioning of the U.S. capital markets, including the municipal securities market.

THE MSRB

The MSRB is a self-regulatory organization created by Act of Congress to write rules governing the conduct of broker-dealers and banks that buy, sell, trade, and underwrite municipal securities,

1900 Duke Street, Suite 660
Alexandria, VA 22314
p 202 223 9347
f 202 872 0347
www.msrb.org

as well as the conduct of municipal advisors providing advice to, or soliciting certain types of business from, issuers of municipal securities, state and local pension plans and other similar funds (“municipal entities”), and other entities whose credit stands behind municipal securities, such as hospitals and universities (“obligated persons”). The Board of the MSRB has a majority of public members (including investor and municipal entity representation), as well as members that are representative of the entities regulated by the MSRB – municipal advisors, broker-dealers, and banks. The MSRB’s mission includes the protection of investors, municipal entities, obligated persons and the public interest. The MSRB pursues these goals and works to foster a fair and efficient municipal market through rulemaking, disclosure and market transparency programs, educational and market outreach programs, and through operation of its Electronic Municipal Market Access (or “EMMA”) website. The MSRB works closely with the Agencies, each of which is charged with the enforcement of MSRB rules as they apply to the broker-dealers and banks that are regulated by the respective Agencies.

THE MUNICIPAL SECURITIES MARKET

Some information about the municipal securities market may serve as useful background for our comments. The Federal Reserve Board has estimated the size of the municipal securities market at $3.7 trillion principal amount outstanding as of September 30, 2011.[1] It is estimated that 1.1 million separate securities[2] and over 50,000 issuers comprise this market. According to Thomson Reuters, the average size issue was $28 million during the year ended September 30, 2011 (“FY2011”).[3]

In many cases, state laws require that underwritings be conducted by competitive bid, rather than on a negotiated basis. Issues frequently have multiple maturities due to state and federal tax laws that limit the period of time over which an asset may be financed to its reasonably expected economic life.

The two principal types of municipal securities credits are general obligation bonds and revenue bonds. General obligation bonds are typically secured by the general taxing power of a governmental unit such as a state or a political subdivision and, in some cases, must be approved by voter referendum. Revenue bonds are secured by the revenue generated by a project or system. For example, the revenues from a water system may be the sole source of repayment of bonds issued to finance improvements to the system. As discussed below, many states and their political subdivisions lack the ability to issue revenue bonds. In some cases, they have created authorities to issue revenue bonds. Based on data from Thomson Reuters, 41.4% of the municipal securities issued in FY2011 were issued by agencies and authorities.

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1 Flow of Funds Accounts of the United States (Flows and Outstanding Third Quarter 2011), Board of Governors of the Federal Reserve System, December 8, 2011.

2 According to Bloomberg LLP.

3 This may be contrasted with the corporate debt market, which is estimated to be $7.7 trillion in size with approximately 22,000 publicly traded securities.

The municipal securities market is largely a retail market. According to the Federal Reserve Board, approximately 51% of the $3.7 trillion municipal securities market is held by individual investors and an additional 22% is held by mutual funds.[4] It is worth noting how transaction size may be related to market structure. Transactions in an amount less than $100,000 are frequently considered to be a proxy for transactions by individual investors (referred to commonly as retail investors). In terms of trading, the small par value transaction – $100,000 or less – accounts for about 8.6 million or 82% of the transactions that occur each day. However, 79% of the par value traded each day is in transactions of $1 million or greater. With the exception of extremely liquid markets such as the one for Treasury securities, transactions of such large size naturally tend to be negotiated rather than executed from firm quotes or through an order-driven system.

The municipal securities market is an over-the-counter market with 90% of all trades in FY2011 conducted on a principal basis. Secondary market liquidity for investors is provided by dealers that are willing to risk their capital pending the location of customers who are willing to purchase a block of bonds. Typically, a dealer with a customer wanting to sell a municipal security will find a purchaser for that security by means of a network of broker's brokers, alternative trading systems, and other dealers. It is highly unusual for both the selling dealer and the purchasing dealer to be riskless principals.

Another related and potentially relevant characteristic of the municipal market is the level of trading. On a typical trading day, there are about 39,000 trades in 14,000 different securities.[5] This means that over 99% of municipal securities do not trade on a given day. In fact, over 90% typically do not trade in a given month. The individual municipal securities that are traded each day change as new issues come to market, are traded, and eventually are purchased by investors that hold them as long-term investments, in many cases with the intention of retaining until maturity.[6] After that time, trading in a typical issue of municipal securities will be sporadic at best. In addition to the occasional sale of a relatively small sized lot based on any number of reasons personal to the current owner of the security, trading may be triggered when an institutional holder sells a large position, which in some cases engenders a small flurry of trades as one or more subsequent inter-dealer trades result in the securities being sold to another

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4 Federal Reserve statistical release, "Flow of Funds Accounts of the United States," June 9, 2011. The household category includes both direct investments by individual investors and trust and other accounts (e.g., some types of hedge fund accounts that do not fall into other tracked categories), and the mutual fund category includes both municipal bond funds and money market funds.

5 *See* 2010 MSRB Fact Book, pp. 36.

6 Although investors in municipal securities have traditionally been viewed as "buy and hold" customers, municipal securities investors in reality reflect the full range of investing styles seen in other marketplaces while retaining a significant segment of investors seeking a stable, long-term investment vehicle.

institutional investor, but in other cases may result in a significant amount of trading for a short period of time as the securities are sold through other dealers to a number of investors in smaller lot sizes. Some of these sales of large positions by institutional investors may be reflective of such investors' own investment strategies, or may reflect a higher degree of sensitivity by retail investors who participate in the municipal market through mutual funds, exchange traded funds, separately managed accounts or other products, which can effectively force institutional trades if large numbers of retail investors simultaneously invest or divest due to general economic or other news events that can move the market. However, such trading typically subsides after a short period of time – often a matter of one or several days – at which point the security may not trade again for an extended period.

Covered banking entities as defined in the Volcker Proposal represent a very large percentage of the municipal securities market. Of the firms that underwrote 98% of the municipal securities issued in FY2011 by principal amount, almost 76% were covered banking entities. Of the firms that reported 98% of the trades conducted in FY2011 by principal amount, 75% were covered banking entities.

SUMMARY OF MSRB COMMENTS

In Question 124 of the proposing release, the Agencies asked whether the definition of ''municipal security'' in section 3(a)(29) of the Securities Exchange Act of 1934 (the "Exchange Act") would be helpful in determining the proper scope of the "governmental obligations" exemption to the general prohibition on proprietary trading.

In response to that question, the MSRB urges the Agencies to broaden the "governmental obligations" exemption from the Volcker Proposal's restriction on proprietary trading to include all "municipal securities" as defined in the Exchange Act. The MSRB feels strongly that this change is needed to avoid a bifurcation of the municipal securities market that will, in the MSRB's view, achieve no meaningful additional benefit to the safety and soundness of the banking system. The narrowness of the "government obligations" exemption is not mandated by the statute. In fact, banking and securities law definitions of "political subdivision" that pre-dated the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"),[7] and that gave expansive meaning to the words "political subdivision" to effectively parallel the definition of "municipal securities" under the Exchange Act, might well have been considered by Congress in drafting this provision of the Dodd-Frank Act.

It is essential that the governmental obligations exemption be expanded, because the other exemptions from the proprietary trading prohibition (for underwriting activities, trading on behalf of customers, and market making activities) are structured in such a way that they are not useful in the municipal securities market. The MSRB is respectfully of the view that, without

7 Pub. Law. No. 111-203, 124 Stat. 1376 (2010).

modification, the Volcker Proposal will serve as an impediment to a free and open market in municipal securities to the detriment of investors and issuers of municipal securities.

"GOVERNMENT OBLIGATIONS" EXEMPTION

Volcker Proposal. The governmental obligations exemption of the Volcker Proposal would not exempt debt issued by an agency of a state or political subdivision. The proposing release says that this limitation is necessary to be "consistent with the statutory language" of the Dodd-Frank Act. [8]

Statute and Other Definitions. The Dodd-Frank Act used the words "state or political subdivision."[9] When called upon to interpret the same words, both the Office of the Comptroller of the Currency ("OCC") and the Federal Deposit Insurance Corporation ("FDIC") had adopted more expansive definitions of "political subdivision" prior to the passage of the Dodd-Frank Act. The definition of "political subdivision" in the legislative history of the Securities Act of 1933 ("Securities Act") was similarly broad.

OCC Definitions. The OCC has defined "political subdivision" to mean "county, city, town, or other municipal corporation, a public authority, and generally any publically-owned entity that is an instrumentality of a State or of a municipal corporation."[10] This definition was made necessary because the Glass-Steagall Act of 1933 limited a bank's ability to underwrite municipal securities to "general obligations of any state or of any political subdivision thereof." Even though the Glass-Steagall Act has been repealed, the OCC continues to use the same definition of "political subdivision" in its capital and surplus rule.[11] OCC regulations also define "political subdivision" for purpose of permissible investments by federal savings associations.[12] That definition provides: "Political subdivision means a county, city, town, or other municipal corporation, a public authority, or a publicly-owned entity that is an instrumentality of a state or a municipal corporation."

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8 *See* Vol. 76, Federal Register 68846, 68878, n. 165.

9 Section 619 of the Dodd-Frank Act, amending the Bank Holding Company Act by adding new § 13(d)(1)(A).

10 Comptroller of the Currency, Department of the Treasury, Final Rule OCC-96-69, 12 CFR § 1.2.

11 Comptroller of the Currency, Department of the Treasury, 12 CFR § 1.2.

12 12 CFR § 160.42. This was originally a regulation of the Office of Thrift Supervision (OTS) and became a regulation of the OCC once the OTS was merged into the OCC.

FDIC Definition. FDIC regulations[13] provide that the term "political subdivision" includes "drainage, irrigation, navigation, improvement, levee, sanitary, school or power districts, and bridge or port authorities and other special districts created by state statute or compacts between the states, as well as . . . any subdivision of a public unit mentioned in paragraphs (a)(2), (a)(3) and (a)(4) of this section or any principal department of such public unit: (1) the creation of which subdivision or department has been expressly authorized by the law of such public unit; (2) to which some functions of government have been delegated by such law; and (3) which is empowered to exercise exclusive control over funds for its exclusive use." The "public units" referred to in paragraphs (a)(2) - (a)(4) of the regulation are states, counties, municipalities, or political subdivisions thereof, the District of Columbia, Puerto Rico, and other government possessions and territories.

Securities Act Definition. Section 3(a)(2) of the Securities Act[14] includes within the definition of "exempted securities" any security issued or guaranteed by "any State of the United States, or by any political subdivision of a State or territory, or by any public instrumentality of one or more States or territories." The legislative history to the Securities Act included an expansive definition of "political subdivision":

> The term "political subdivision" carries with it the exemption of such securities as county, town, or municipal obligations, as well as school district, drainage district, and levee district, and other similar bonds. The line drawn by the expression "political subdivision" corresponds generally with the line drawn by the courts as to what obligations of States, their units and instrumentalities created by them are exempted from Federal taxation.

Tax Law Definition. Treasury Regulations § 1.103-1 defines political subdivision as "any division of any State or local governmental unit which is a municipal corporation or which has been delegated the right to exercise part of the sovereign power of the unit. As thus defined, a political subdivision of any State or local governmental unit may or may not, for purposes of this section, include special assessment districts so created, such as road, water, sewer, gas, light, reclamation, drainage, irrigation, levee, school, harbor, port improvement, and similar districts and divisions of any such unit."

Agencies and Authorities. Footnote 165 of the proposing release states that "agencies" of states and political divisions do not qualify for the "governmental obligations exemption." In the context of a state, the term "agency" has actually been interpreted by the U.S. Supreme Court as essentially a department of a state in the context of litigation questioning assertions of sovereign

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[13] 12 CFR § 330.15.

[14] Section 3(a)(29) of the Exchange Act also includes obligations of political subdivisions of states as a type of "municipal security." There is no indication that Congress intended the term "political subdivision" to have a different meaning for purposes of the Exchange Act than it had for purposes of the Securities Act adopted one year earlier.

immunity by agencies.[15] Some agencies of states and political subdivisions are authorized to issue securities. The Los Angeles Department of Water and Power is an example of an agency of a political subdivision, the City of Los Angeles. "Authorities," on the other hand, are not generally construed to be a part of the states that established them. In many cases, states have established authorities to issue revenue bonds, which some states and political subdivisions may not do directly.[16] The New York State Metropolitan Transportation Authority is an example of a state authority. There is another category of issuer -- the interstate compact. As the name implies, states sometimes form joint issuers to finance projects that span state lines. The Port Authority of New York and New Jersey and the Washington Metropolitan Area Transit Authority are example of interstate compacts.

Need for More Expansive "Governmental Obligations Exemption." As noted above, according to Thomson Reuters, municipal securities issued by agencies and authorities represented 41.4% of the total number of municipal securities issued in 2011 by principal amount. Most of the debt issued by agencies and authorities is clearly public purpose in nature. It finances schools, roads, bridges, water systems, and other major infrastructure projects. There is no indication that Congress meant to bifurcate the municipal securities market by means of the Volcker Rule simply because a state or political subdivision has chosen to finance its key infrastructure needs through the issuance of bonds by its agencies, authorities, districts, or instrumentalities, rather than directly through the issuance of identical bonds by the state or political subdivision itself. In fact, Congress could easily have presumed that the Agencies would adopt a broader definition, given the existence of more expansive definitions of the term "political division" found in regulations of the banking regulators and in the legislative history of the Securities Act. We note also that, while the Volcker Proposal would permit revenue bonds to qualify for the governmental obligations exemption, that may be largely meaningless if states and their political subdivisions are not authorized by state law to issue revenue bonds.

Further, given the extremely divergent ways in which the 50 states organize and empower their subdivisions, municipalities, agencies, authorities, instrumentalities, and districts, the distinction drawn by the Volcker Proposal between those municipal securities that would be treated as governmental obligations and those that would not ultimately results in an adherence to form over function. In the view of the MSRB, there is no principled basis for maintaining such a distinction that is consistent with the purposes of the overall Volcker Proposal or of the governmental obligations exemption. Two issues of securities with identical terms and provisions, and with identical risk profiles, and which otherwise would exhibit the identical trading behavior, would be treated in completely different ways under the Volcker Proposal because the too narrowly tailored provisions of the governmental obligations exemption would

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15 Ford Motor Co. v. Dep't of Treasury of Ind., 323 U.W. 459 (1945); Hoffman v. Conn. Dep't of Income Maint., 492 U.W. 96 (1989); Will v. Mich. Dep't of State Police, 491 U.S. 58 (1989); Dellmuth v. Muth, 491 U.S. 223 (1989) (Pennsylvania Secretary of Education).

16 *See* R. Fippinger, The Securities Law of Public Finance (third edition) at 16-62.

treat one issue as a governmental obligation and the other one as a covered financial position. Given that the various existing federal statutes that use different terminology to describe municipal securities nonetheless have consistently been interpreted and applied to cover effectively the same universe of securities as set forth in the definition of municipal securities under the Exchange Act, there is no reason to believe that Congress intended to carve out a subset of such securities in a manner that did not promote any discernible, consistent, effective, or sustainable public policy.

Exchange Act Definition of "Municipal Securities." The most comprehensive definition of "municipal securities" is found in Section 3(a)(29) of the Exchange Act, which provides:

> The term "municipal securities" means securities which are direct obligations of, or obligations guaranteed as to principal or interest by, a State or any political subdivision thereof, or any agency or instrumentality of a State or any political subdivision thereof, or any municipal corporate instrumentality of one or more States, or any security which is an industrial development bond (as defined in section 103(c)(2) of Title 26) the interest on which is excludable from gross income under section 103(a)(1) of Title 26 if, by reason of the application of paragraph (4) or (6) of section 103(c) of Title 26 (determined as if paragraphs (4)(A), (5), and (7) were not included in such section 103(c)), paragraph (1) of such section 103(c) does not apply to such security.

The MSRB recommends that the Exchange Act definition of "municipal security" be adopted. The covered banking entities that underwrite and trade in the municipal securities market must all apply the Exchange Act definition as a regular part of their activities. The MSRB believes that the use of the Exchange Act definition will promote consistency of regulation of broker-dealers and covered banking entities, which is desirable from the standpoint of a fair and efficient marketplace. As explained below, it is key that this change be made to the Volcker Proposal, because the exemptions for underwriting activities, trading on behalf of customers, and market maker activities in the Volcker Proposal discussed below are not structured in a manner that is useful for the municipal securities market.

UNDERWRITING ACTIVITIES EXEMPTION

The general prohibition on proprietary trading does not apply to purchases or sales of "covered financial positions" (including securities and derivatives) by covered banking entities in connection with their underwriting activities. In order for this underwriting activities exception to apply, however, the following requirements must be satisfied: (1) the underwriting activities of the covered banking entity with respect to the securities must be "designed not to exceed the reasonably expected near term demands of clients, customers, or counterparties"; (2) the underwriting activities of the covered banking entity must be designed to generate revenues primarily from fees, commissions, underwriting spreads or other income not attributable to: (a) appreciation in the value of covered financial positions related to such activities; or (b) the hedging of covered financial positions related to such activities; and (3) the compensation arrangements of persons performing underwriting activities must be designed not to reward proprietary risk-taking.

There are some substantial differences between the corporate debt market and the municipal securities market that limit the usefulness of the underwriting activities exemption in the municipal securities market. First, as noted above, many state laws require competitive underwritings for certain types of issuers or bond types rather than the negotiated underwritings that are the norm in the corporate debt markets. One fundamental difference between competitive and negotiated underwritings is that customers are conditionally committed prior to the sale date for only a small percentage of competitively bid issues, compared to negotiated issues, because an underwriter does not know whether its bid will be accepted. The likelihood of significant unsold balances of municipal securities is, therefore, considerably higher for competitive issues. Underwriters that win competitively bid issues will, therefore, be very concerned that they will not be able to satisfy the requirement of the underwriting activities exemption that the underwriting activities of the covered banking entity with respect to the securities must be "designed not to exceed the reasonably expected near term demands of clients, customers, or counterparties." Their natural tendency will be to bid at levels designed to allow them to resell the securities quickly, rather than holding the securities in inventory. While regulators have sometimes argued that competitively bid issues are to be preferred over negotiated issues on the theory that they result in more favorable pricing to issuers of municipal securities, this aspect of the Volcker Proposal is likely to achieve exactly the opposite result, to the detriment of issuers of municipal securities.

Second, the corporate debt market is characterized by a relatively small number of issuers and debt issues of significant size. On the other hand, the municipal securities market is characterized by a much larger number of issuers (estimated to be over 50,000) and much smaller issue sizes. The average size municipal bond issue is only $28 million.[17] Additionally, state laws sometimes require that assets be financed over their reasonably expected useful lives and no longer, which, together with other factors, can lead to issues with considerably more serial maturities than would be the case in a corporate debt issue in order to fulfill required debt service obligations appropriate to the tax or other revenues expected to be received by the issuer over the life of the issue. These differences are quite relevant to whether an underwriting firm will be likely to hold an unsold balance in inventory after a bond sale, even in the case of a negotiated underwriting. Once again, underwriters are likely to price bonds so that they will have little or no inventory if the Volcker Proposal is adopted. This may harm small issuers and may, in fact, effectively eliminate access to the capital markets for such small issuers and force some of them into alternative financing vehicles with their attendant risks.[18]

17 According to Thomson Reuters.

18 *See* Standard & Poor's, "The Appeal of Alternative Financing Is Not Without Risk for Municipal Issuers" (May 17, 2011); Fitch Ratings, "Direct Bank Placements: Credit Implications Special Report" (October 25, 2011); Moody's Investors Service, "Direct Bank Loans Carry Credit Risks Similar to Variable Rate Demand Bonds for Public Finance Issuers" (September 15, 2011).

TRADING ON BEHALF OF CUSTOMERS EXEMPTION

The trading on behalf of customers exemption would effectively require covered banking entities either to act in a fiduciary capacity for a customer or as a riskless principal. Those limits would make the exemption largely ineffectual in the municipal securities market. Most municipal securities transactions are executed by broker-dealers in a principal capacity, which does not give rise to a fiduciary duty under current law. [19] It is also rare for both the sell side and the buy side of a transaction in municipal securities to be done on a riskless principal basis.

Most retail positions in municipal securities are liquidated by means of a bid-wanted, using either a broker's broker or an alternative trading system. The source of the bids for those securities is in most cases traders, not retail brokers with customers that have already indicated an interest in buying the securities. Bids placed in response to offerings are also in most cases placed by traders. In a small amount of cases, in which alternative trading systems have created private label products for retail dealers, a retail customer of a retail dealer may actually be entering an order to buy an offered municipal security, thereby making the buy side a riskless principal trade, as well as the sell side trade.

The MSRB is quite concerned that, if the governmental obligations exemption is not broadened as previously recommended, this narrow trading on behalf of customers exemption will have a significant adverse effect on secondary market liquidity for municipal securities, particularly those owned by retail investors. Bid-ask spreads will likely widen and investors, especially retail investors, will likely pay more to trade municipal securities due to greater market illiquidity. This proposal will also indirectly affect issuers of municipal securities in the primary market, because it is likely that investors will demand higher yields on new issues to offset increased liquidity risk. Thus, the cost of capital for state and local government issuers could be expected to escalate in order to compensate investors for reduced liquidity in the municipal secondary market.

MARKET MAKER EXEMPTION

The general prohibition against proprietary trading does not apply to market-making activities. In less liquid markets, such as over-the-counter markets for debt and equity securities or derivatives, to be considered a market maker, the trading desk or other organizational unit of the covered banking entity that conducts the purchase or sale of the covered financial position must hold itself out as being willing and available to provide liquidity by providing quotes on a regular

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[19] However, the Dodd-Frank Act directed the Securities and Exchange Commission ("SEC") to conduct a study on creating a single fiduciary standard for dealer and investment advisor transactions for or on behalf of retail customers and empowered the SEC to engage in rulemaking to create such a standard. If the SEC were to create such a single fiduciary standard, the Volcker Rule might then view such retail sales as meeting the exception for trading on behalf of a customer.

(but not necessarily continuous) basis. The dealer would also be expected, on a regular basis, to purchase covered financial positions from, or to sell the positions to, clients, customers, or counterparties in the secondary market. Finally, the dealers would need to demonstrate transaction volumes and risk proportionate to historical customer liquidity and investment needs to buy and sell, including through entering into long and short positions in, the covered financial position for its own account on a regular or continuous basis.

This definition of "market maker" is unlikely to be of much use in the municipal securities market. Dealers in municipal securities do not typically post bid-ask prices for a significant number of municipal securities on a regular basis. Most municipal market participants consider a primary function of market making to be the generation of liquidity in the market by taking securities into inventory. However, a dealer may not always be able to demonstrate compliance with the requirement of the market maker exception that the market making-related activities of the trading desk or other organizational unit that conducts the purchase or sale are, with respect to the covered financial position, designed not to exceed the reasonably expected near term demands of clients, customers, or counterparties.

CONCLUSION

The MSRB believes that it is essential that the governmental obligations exemption of the Volcker Proposal be expanded to apply to all municipal securities as defined in Section 3(a)(29) of the Exchange Act, because the exemptions for underwriting activities, trading on behalf of customers, and market making activities as proposed could not be effectively applied in the municipal securities market. The MSRB is concerned that failure of the Agencies to adopt a broader exemption for municipal securities will have a significant material adverse effect on the primary market pricing and secondary market trading of securities issued by agencies and authorities of states and their political subdivisions. Issuers and investors (primarily retail) will bear the cost.

Please do not hesitate to contact me or the MSRB's Executive Director, Lynnette Kelly, if you have any questions about our letter or we can provide you with more information about the municipal securities market.

Very truly yours,

Alan D. Polsky
Chair