



July 15, 2020

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

RE: SR-MSRB-2020-04

Dear Secretary Countryman:

The members of the National Association of Municipal Advisors (NAMA) are very interested in the proposed changes to Municipal Securities Rulemaking Board (“MSRB”/“Board”) Rule A-3, and appreciate the opportunity to comment. NAMA represents independent municipal advisory firms and municipal advisors (MA) from around the country and is the only national organization dedicated solely to the MA profession.

There are three main areas that we wish to comment - MA Representation on the Board, Issuer Representation on the Board and Public Member Representation on the Board.

As discussed in our April 29, 2020 comment letter to the MSRB (<http://www.msrb.org/rfc/2020-02/Gaffney.pdf>), NAMA supports other provisions in the Notice, including board size, board terms, the transition plan, and changes to committee structures.

1. MA Representation on the Board

The proposed changes to Rule A-3 continue to call for MA representation to be “at least two” individuals under a new 15-member Board structure. NAMA strongly suggests that the number of MAs represented as regulated Board members remain at three members, even with a 15-member Board. The MSRB suggested in its 6/5/2020 filing that MA rulemaking is “completed” in relation to the *Dodd-Frank Act* (page 39, <http://msrb.org/~media/Files/SEC-Filings/2020/MSRB-2020-04.ashx?>). However, this would not be true if MA rulemaking follows the same trajectory as broker-dealer rulemaking. It is more likely that over the years changes and updates to current Rules will be promulgated, MA rule guidance may be developed, and new Rules may be enacted due to market and practice changes. It is difficult to understand the MSRB’s rationale for reducing the size of MA representations based on an assertion that MA rulemaking is “complete,” when that has not been the case for broker-dealer Rules for 30-plus years. It has certainly been the case that after the initial development of broker-dealer Rules the MSRB developed additional Rules, provided interpretive guidance for MSRB Rules, and amended Rules for various reasons. All the while, broker-dealer representation, aside from the changes in 2008 after the passage of the *Dodd Frank Act* when the Board could no longer have broker-dealer and banks hold all regulated entity Board seats, has remained proportionately constant. NAMA believes that similar activity for MAs will likely occur in the future, and therefore maintaining adequate MA representation on the Board is essential. At the very least the MSRB should require that the five year rolling average of MA representation on the Board does not fall below 30%.

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The proposed changes to Rule A-3 also fails to acknowledge the great diversity within the MA profession, including firms size, geographic differences, and areas of expertise. Additionally, with MAs representing and having a fiduciary duty to their municipal entity clients, reducing the number of MAs on the Board, in addition to requiring only one issuer on the Board, will not allow for proper representation from those on the issuer side of a transaction.

We noted in our earlier comment letter that prior to the Dodd Frank Act, broker-dealers from securities firms and banking institutions represented two-thirds of the total Board with 10 members and five public members. This means that for the majority of the time that MSRB has been in existence and writing rules foremost for the broker-dealer community, those professionals had a strong presence within the MSRB as rules were developed, implemented and updated. MAs should have similar representation, albeit for all practical purposes it will be much smaller. Three representatives out of seven would still allow broker-dealers to have a majority of regulated members on the Board, while allowing for the diversity of the MA profession to be well represented.

2. Issuer Representation on the Board

The MSRB proposal maintains having “at least one” issuer representative on the Board. NAMA continues to push for additional issuer representation. The reasons for this are similar to what we discussed for MAs above – that the issuer community is extremely diverse and should be well and better represented on the Board to allow for the different ways that issuers approach the capital markets.

3. Public Member Representation

We would also like to comment, as we did to the MSRB, that the standards for public member representatives and the selection process thereof should be revised. The “knowledge standard” requirement for public member applicants, as written, is very subjective and, in the past, has been too narrowly interpreted by the MSRB Board and Committees. While the change to a five-year separation period from when a person formally affiliated with a regulated entity may be considered available for a public seat, the MSRB should ensure that individuals with broad knowledge of the public interest be considered in addition to those who have specialized industry expertise and have traditionally been appointed to these seats.

Finally, while we support other provisions of the proposed changes to Rule A-3 except as noted above, we do call on the MSRB to review and revise their term extensions, conflicts of interest and code of conduct policies as part of a public process.

Thank you for the opportunity to comment on the proposed changes to MSRB Rule A-3. We would be happy to discuss our comments further with staff or Commissioners as requested.

Sincerely,



Susan Gaffney
Executive Director