Statement:

Fellow FIMSAC members, please accept my apologies for not being in attendance. Unfortunately, I had a personal commitment arise that prevented me from traveling from Chicago today.

A core mission of the FIMSAC is to look after the interests of retail investors. As Chairman Clayton stated upon the founding of the Committee: "Individual investors are highly active in fixed income markets. This Committee will help the Commission ensure that our regulatory approach to these markets meets the needs of retail investors."

As a member of the Municipal Securities Transparency Subcommittee, I wish to submit for the record my serious concerns about the Recommendation Regarding Certain Principal Transactions with Advisory Clients. From the beginning, I have voiced serious concerns about both the feasibility of the Recommendation, and the severe impact such a Recommendation would have on retail investors.

My arguments against the Recommendation are as follows:

1. The Recommendation requires the use of blind bidding only with advisory clients. This is problematic for two reasons: One, because blind bidding is not clearly defined, and two, even if it were clearly defined, it is only required for bidding with advisory clients.

2. The Recommendation has no definition for what it means to "bid blind." Based on the purported spirit of the Recommendation, "blind" should mean that the dealer who initiates the ATS auction must submit their best price to that ATS ***at the time the auction is initiated***. The dealer must then award the trade to the winning bidder, even if the best bid is not the initiating dealer. Given the Committee's concerns about the use of "pennying," to not clearly delineate what constitutes a blind bid would leave the practice open to interpretation. For example, the dealers may contend that if all of the prices in the auction are poor, they have to be able to intervene after the conclusion of the auction and only then bid. This is not true, as the dealer could put their "reserve price" bid in at the beginning of the auction.
3. The Committee has heard first hand from several dealers that they lack the technical ability to bid blindly on auctions. This makes it absolutely imperative that the Committee explicitly defines what constitutes a blind bid, in order to give these dealers the clear guidance they need to update their order handling practices.
4. The Recommendation only requires dealers to bid blind on managed accounts and not traditional brokerage accounts. If having dealers bid blind is a positive for best-execution for managed accounts, why then would we not want it extended to all accounts? This would still allow dealers to provide liquidity to traditional brokerage accounts, but would eliminate any confusion as to what standards apply to which accounts and would address the concerns the Committee previously raised around the practice of pennying.

5. Finally, the Recommendation makes the assumption that the marketplace has fully adopted best execution requirements with respect to order handling practices, and has had

sufficient time to adapt to the new regime. Given our previous discussions around pennying, it may be premature to assume market participants could seamlessly integrate blind bidding with best-execution, especially without clear guidance.

Therefore, as written, I unfortunately cannot support my Subcommittee's Recommendation. If the Recommendation had an explicit definition for true blind bidding, and that Recommendation covered all retail orders from all accounts, I could vote in favor of it. In its current form, I again vote no.

Thank you for this opportunity to state my views on this very important topic.