

David S. Lynn

January 22, 2011

Elise B. Walter
Commissioner
Securities and Exchange Commission

Re: Comments on File No. 4-610 - Municipal Securities

Dear Ms Walter,

I am writing in response to your request to receive comments from investors on the current state of the Municipal Securities market. I am an individual investor with over 30 years of general investing experience and 11 years of experience investing directly in individual municipal securities. I hold a BS in Business, MBA in Finance and have an extensive corporate executive management background.

While I share concerns regarding current limitations in registration, public reporting, regulation and overall lack of information regarding Municipal Securities, my main concern has to do with the current market system through which buy and sell orders for individual securities are placed and executed: **The individual investor does not have direct access to the market. Orders to buy and sell Municipal Securities must be placed through a network of brokers, an antiquated system fraught with excessive bid-to-asked price spreads, overhead and administration that adds little or no value for the individual investor.**

As I perceive it, the current broker-controlled system does not strive to represent the buyers and sellers of Municipal Securities, nor does it strive to make the market for Municipal Securities as efficient as possible. Rather, this broker-controlled system seems to guard and protect its closed nature and exploit it for excessive trading profits to the brokers themselves. Case in point (transaction data available at www.emma.msrb.org):

CUSIP: 4424365V9 Houston TX Water & Sewer Revenue Bond

January 21, 2011

Customer Buy Price	69.356	Volume	280
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January 20, 2011

Customer Buy Price	70.366	Volume	525
Inter-Dealer Price 2	68.421	Volume	880
Inter-Dealer Price 1	68.371	Volume	880
Customer Sell Price	67.871	Volume	880

The above transaction activity shows a 3.5% price spread between customer buy and customer sell prices. Price spreads in this range, or greater, are typical of all Municipal Securities transactions. Such spreads exist even on relatively high-volume individual transactions. At these price levels, a 100-bond transaction nets a profit to the “broker-dealer network” of \$2,495 for just a couple of phone calls and a few minutes of work!... hardly what I would consider an “efficient” market.

I hold 55 of these bonds in my personal portfolio. On January 21, 2011, I contacted my broker for a bid to sell them. The broker returned a firm bid of 67.000, below current market for this active bond and unacceptably low. I was effectively blocked from having access to the market for a security that I would have been happy to list and sell at a fair price in the middle of the current trading range.

Solution: Open up access to the Municipal Securities market to the individual investor, much like the market for common stocks and stock options is today. Eliminate or greatly reduce the role of the broker/dealer network as a “middle man” in executing market trades for these securities. I suspect that an extensive computerized network is already in place for inter-dealer transactions. In this day and age, qualified individual investors should have direct access to this market.

Enacting steps to open up access to the Municipal Securities market will greatly reduce excessive broker trade profits, heavy overhead and cumbersome administration. These steps will help to better establish true market value for Municipal Securities by stimulating more trade activity and will greatly enhance overall market efficiency.

Thank you for your time in considering my comments.

Sincerely,

David S. Lynn