

November 8, 2013

VIA ELECTRONIC MAIL

The Honorable Mary Jo White  
Chair  
Securities and Exchange Commission  
100 F Street, N.E.  
Washington, DC 20549-7010

Dear Ms. White:

On behalf of The Bond Dealers for America (“BDA”), the only Washington, D.C.-based trade association representing the nation’s middle-market fixed income dealers, I respectfully submit this request to extend the effective date of final municipal advisor registration regulations (“Municipal Advisor Rule or Rule”), adopted in Exchange Act Release No. 34-70462 on September 18, 2013. The new regulations are currently scheduled to become effective sixty days following their publication in the Federal Register. BDA commends the SEC for finalizing this Rule, which will establish a necessary framework for registration of municipal advisors so that those advisors not affiliated with broker-dealer firms can be regulated in a manner that is commensurate with the regulation of broker-dealers.

We greatly appreciated the opportunity to meet on October 1, particularly as we had just completed our initial review of the Rule. In that meeting, and in separate meetings with the Office of Municipal Securities and other Commissioners, we understood that clarifications, such as a “frequently asked questions” (“FAQ”) document or “no-action” letters, would be considered in order to help the industry understand how to implement and comply with the new Rule.

We agree that such clarifications will be essential in order to ensure effective compliance with the rule, and encourage you to publish them expeditiously. The municipal advisor rule will necessitate sweeping changes in how municipal advisors, financial advisors, public finance bankers, municipal underwriters and issuers coordinate and communicate, even with these clarifications. A sixty-day timeframe for the rule to become effective, therefore, will be problematic on two fronts. First, it would not provide adequate time for the SEC and affected parties to come to an understanding of the ramifications of the Rule, and the aspects of the rule that can be clarified, or for the SEC to publish needed clarifications.

Secondly, even with the aspects of the Rule that are better understood, 60 days -- or an even narrower timeframe following the publication of FAQs -- will not give broker-dealers firms adequate time to alter the necessary operating procedures and develop the comprehensive training programs needed for effective compliance with the Rule. If the SEC does not provide adequate time for compliance, legal and management teams to perform an accurate assessment of their internal needs, the market will experience a diverse array of interpretations, contrary to the intended outcome of the rule resulting in complications for enforcement activities.

Practically speaking, firms active in municipal public finance and underwriting will need to develop policies and procedures in response to the Rule -- a task that can only happen once the rule is fully understood by legal, compliance and senior management teams. These teams will then have to begin the implementation of the policies they develop, including potentially hiring additional compliance managers, and conducting oversight and a detailed review of all meetings, presentation and marketing materials, training and discussions with issuers to ensure that a firm does not inadvertently provide "advice" and follows the applicable exceptions to becoming a municipal advisor.

The rollout of new compliance procedures processes not only involves teams of public finance bankers who must behave differently regarding pitch books, RFPs, refundings, disclosures, engagements, interactions with financial products groups and interaction with bank placements -- but also extends firm-wide to institutional salespeople and professionals involved with the investment of proceeds, bidding on escrows, swaps, variable and auction rate securities, retail trading desks, research and other activities.

In terms of complexities posed for public finance banking teams at BDA member firms, they are geographically dispersed, and have relationships with different types and sizes of issuers. These issuers range from conduit clients needing very little adjustments above what is currently provided by the dealer, to much smaller clients who may need more assistance from their underwriting teams. Initially, these relationships will need to be evaluated by compliance teams on a case-by-case basis so that public finance bankers can modify their longstanding issuer relationships going forward.

In summary, the municipal advisor rule not only affects the multiple teams at BDA member firms, but potentially alters longstanding business models, affecting planning for 2014 and beyond. And, while broker-dealers seek to comply, some issuers will alter their behavior. For example, some issuers may evaluate hiring an independent financial advisor and incur additional costs. Notably, according to DPC Data, nearly 40% of bond transactions underwritten in 2012 were done so without the retention of a financial advisor.

There is precedent for significantly longer compliance timelines provided for by the SEC under other significant rule changes, such as MSRB's 2011 rule change to G-23 which was approved by the SEC May 27, 2011 and became effective on November

18, 2011. Moreover, given that under the Rule, municipal advisors themselves are not subject to the permanent registration requirements until July 1, 2014 at the earliest, we believe that more time can be provided to broker-dealer firms to develop their compliance regimes.

BDA members are committed to working with the SEC in an expeditious manner to assist in developing workable clarifications of the Rule. We respectfully request a delay sufficient for the release of clarifying FAQs, followed by an additional 90 days thereafter to comply. We are appreciative of the work of the SEC, and the invitation by the Office of Municipal Securities to offer our view and suggestions in this regard. Thank you for your consideration of this request, and please do not hesitate to contact me or my staff if we can be of further assistance to you.

Regards,

A handwritten signature in blue ink, appearing to read "Mike Nicholas".

Mike Nicholas  
Chief Executive Officer  
Bond Dealers of America

Cc: Commissioner Kara Stein  
Commissioner Luis Aguilar  
Commissioner Mike Piwowar  
Commissioner Dan Gallagher  
John Cross, Director, Office of Municipal Securities  
John Ramsay, Acting Director, Trading and Markets