REGIONAL
BOND DEALERS
ASSOCIATION

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December 30, 2009

Ms. Elizabeth M. Murphy
Securities and Exchange Commission
100 F St., NE
Washington, DC 20549

RE: SEC Release No. 34-61110; File No.SR-MSRB-2009-17

Dear Ms. Murphy:

The Regional Bond Dealers Association ("RBDA"), which is comprised of regional securities firms active in the U.S. bond markets, is pleased to offer comments on SEC Release No. 34-61110 (December 3, 2009) (the "Release"). The Release relates to rule changes that have been proposed by the Municipal Securities Rulemaking Board (the "MSRB") and which were the subject of an earlier RBDA comment letter, dated September 11, 2009 (the "September Letter").

As stated in the September Letter, we commend the MSRB's attention to the concerns expressed by investors in the municipal bond market that their orders are sometimes not filled in whole or in part during a primary offering, only to have the bonds then become available in the secondary market soon after the initial offering. We also believe it is appropriate for the MSRB to review its "Notice of Interpretation Concerning Priority of Orders for New Issue Securities: Rule G-17," initially published in 1987, to ensure its relevance to today's market. However, we remain concerned with the rule changes proposed in the Release for the reasons described in the September Letter, and we welcome this opportunity to amplify a few of the points we raised therein.

We noted in the September Letter our observation that investors' orders often go unfilled during a primary offering because opportunistic institutional investors purchase bonds from the underwriters only to resell those securities at higher prices shortly after the initial offering. While the RBDA supports the intent of the proposed amendments to the priority provisions of Rule G-11(e)—which generally would give express priority to customer orders over orders by members of a syndicate or a sole underwriter for their own or related accounts—we urge the MSRB to permit syndicate managers and sole underwriters to refuse to prioritize as a customer order any order that the syndicate manager or sole underwriter reasonably believes to have been placed by such an opportunistic purchaser. We believe that such a clarification comports with the limitation currently included in the proposed amendments to Rule G-11, which, as drafted, require the prioritization of customer orders only to the extent consistent with the orderly distribution of securities in the offering. Conversely, failure to make such a clarification in the amendment could result in priority provisions that directly, if inadvertently, undermine the

MSRB's stated intent to redress potential abuses in the allocation of securities to customers.

We are also concerned that, as drafted, certain of the proposed amendments to Rule G-8(a)(viii)(A) would impose additional burdens and risks on syndicate managers without actually benefiting investors in the municipal bond market. In the Release, the MSRB states that the proposed amendment to Rule G-8 would require records to be made of those instances when the syndicate manager allocated bonds other than in accordance with the priority provisions of Rule G-11, as well as the specific reasons why it was in the best interests of the syndicate to do so. However, on its face, the text of the proposed amendment goes further than this and would also require records to be made of each instance in which the syndicate manager "accorded equal or greater priority over other orders to orders by syndicate members for their own or related accounts," even if such prioritization were in compliance with the priority provisions of Rule G-11. The intended purpose and benefit of this additional requirement are unclear, as the proposed amendment, as drafted, would already require records to be made of "those instances in which the syndicate manager allocated securities in a manner other than in accordance with the priority provisions."

Moreover, we are concerned that, without further clarification, the amendment's requirement to record the specific reasons why it was in the best interests of the syndicate to make any such alternate allocations would be unnecessarily perilous for syndicate managers. First, on the face of the amendment it is unclear both how much and what sort of detail regarding these reasons it would be necessary to record in order to satisfy the new requirement. Consequently, syndicate managers that intend to comply fully with an amended Rule G-8 may nevertheless find themselves defending allegations of violations. In addition, unlike the other quantitative items that are subject to G-8(a)(viii)(A)'s record keeping requirements—such as par value of securities, percentage of participation of syndicate members, date of settlement, etc.—this item of record would necessarily be the result of a qualitative analysis undertaken by the syndicate manager at the time of the allocation. As such, the proposed amendment introduces what appears to be primarily a ready opportunity for future parties to second guess in hindsight the recorded judgment of the syndicate manager as it related either to what constituted the "best interests" of the syndicate at the time or to the details of the alternate allocation itself.

Thank you for this opportunity to present our views on the Release. Please do not hesitate to call if you have any questions.

Sincerely,

/s/

Mike Nicholas
Chief Executive Officer