



September 30, 2010

Elizabeth M. Murphy
Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: Supplemental Response to Comments on File No. SR-MSRB-2010-08

Dear Ms. Murphy:

On August 27, 2010, the Municipal Securities Rulemaking Board (the “MSRB” or “Board”) filed with the Securities and Exchange Commission (the “Commission”) a proposed rule change to Rule A-3, on membership on the Board, in order to facilitate the change in composition of the Board to comply with the provisions of Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”). The Commission published notice of the above-referenced rule filing¹ and, in response, received letters as of September 23, 2010 from American Governmental Financial Services (“AGFS”), Bond Dealers of America (“BDA”), Fieldman Rolapp & Associates (“Fieldman Rolapp”), Government Finance Officers Association (“GFOA”), National Association of Independent Public Finance Advisors (“NAIPFA”), Mr. Kevin Olson, Securities Industry and Financial Markets Association (“SIFMA”), Swap Financial Group LLC (“Swap Financial”) and WM Financial Strategies (“WM Financial”). The MSRB provided its response in a letter from Lawrence P. Sandor, Senior Associate General Counsel, dated September 23, 2010 (the “original response”).

¹ Exchange Act Release No. 34-62827 (September 1, 2010); 75 FR 54673 (September 8, 2010).

Subsequently, the Commission received a supplemental submission providing comments on the rule filing from AGFS. The Commission has requested that the MSRB provide its responses to this supplemental submission, which is provided below. In addition, the MSRB elaborates on certain of its prior responses in connection with earlier comments on municipal advisor representation on the Board and officer elections under MSRB Rule A-5(b).

In its second submission, AGFS states that “[t]here seems to be a misconception on both sides of the argument that the concept of fair representation is purely a matter of numbers.” AGFS states that representation should reflect the roles in the marketplace and states that “[f]air representation on the Board requires that those municipal advisors whose businesses emphasize issuer representation be in parity with the underwriters who are adverse to the issuers and do not represent issuers.” The MSRB believes that AGFS’s view of the appropriate balance between underwriters and non-dealer municipal advisors is based on a far too narrow focus on a single element of the varied and expanded marketplaces in which MSRB rulemaking will be undertaken in the coming years and therefore reiterates its view that allotting at least 30% of the regulated entity positions to municipal advisors will ensure fair representation of such entities, will assist the Board in its rulemaking process with respect to municipal advisors, and will inform its decisions regarding other municipal advisory activities while not detracting from the Board’s ability to continue its existing rulemaking duties with respect to broker-dealer and bank activity in the municipal securities market.

Although, as noted in the MSRB’s original response, the MSRB expects that municipal advisors elected to serve on the Board under the proposed rule change would not be affiliated with broker-dealers or banks during the transition period, the MSRB has determined to file a partial amendment to the proposed rule change that would incorporate into the rule language itself a provision that municipal advisor representatives elected to fulfill the minimum requirement of 30% of the regulated entity positions on the Board under proposed Rule A-3(i)(i)(B)(3) must not be associated with a broker, dealer or municipal securities dealer.

In its original submission, AGFS had expressed certain critical views regarding the MSRB’s transparency practices. In its second submission, AGFS emphasizes its views regarding such transparency practices, alleging that “the Board merely brushed off what may be the most significant comments – those critical of the Board’s lack of transparency.” As the MSRB noted in its original response, the provisions of the proposed rule change do not relate to these matters and therefore the MSRB responded only briefly to this comment. The MSRB affirmed that it believes that the existing rulemaking process provides considerable opportunities for full public involvement and comment on regulatory initiatives, and the Board is careful to consider all feedback regarding potential improvements to its governance processes. The Board went on to state that, although AGFS’s comments were beyond the scope of the proposed rule change, the MSRB appreciated these comments as transparency is an important priority of the Board.

Further, in stating in its original response that the MSRB would take the comments under advisement as its new Board is seated on October 1, 2010 and takes on its rulemaking and other responsibilities, the MSRB was making clear that these comments were not being ignored but instead would be placed for consideration before the newly reconstituted Board consisting of a majority of public members with municipal advisor representation, rather than for consideration by the current Board. The MSRB felt that this course of action was most in keeping with AGFS's intent.

Finally, other commentators had raised concerns regarding the Board's election of its officers for the next fiscal year beginning on October 1, 2010, including concerns regarding the transparency of such process. In its original response, the MSRB noted that officer elections are governed under MSRB Rule A-5(b), which was not part of the proposed rule change. Under that existing provision, Board officer elections are required to occur at a meeting of the Board held prior to October 1 of each year, and the Board followed this long-standing process again this year to select its leadership and to announce such selection prior to the start of the following fiscal year. Among other things, this process allows for Board leadership to be in place at the start of the new year to ensure an appropriate transition to each year's newly composed Board. The MSRB further stated that, although this comment was beyond the scope of the proposed rule change, the MSRB would take it under advisement as its new Board is seated on October 1, 2010 and takes on its rulemaking and other responsibilities.

The MSRB believes that it has acted appropriately in holding its officer elections as required by its rules. However, in order to dispel any negative perceptions regarding such process, the MSRB intends to hold a ratification vote with respect to the prior election of the MSRB officers by the newly constituted MSRB Board of directors at its first meeting in October.

If you have any questions, please do not hesitate to contact me.

Sincerely,

/s/ Lawrence P. Sandor

Lawrence P. Sandor
Senior Associate General Counsel

cc: Martha Mahan Haines, Chief,
Office of Municipal Securities, SEC