

BDA Bond Dealers of America

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September 17, 2010

VIA ELECTRONIC MAIL

Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090
rule-comments@sec.gov

Re: File Number SR-MSRB-2010-08

Dear Ms. Murphy:

The Bond Dealers of America (the BDA) appreciates the opportunity to comment on Municipal Securities Rulemaking Board's proposal to amend Rule A-3 regarding membership on the Board to comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act. The BDA is the Washington, DC based organization that represents securities dealers and banks primarily active in the U.S. fixed income markets. The BDA's members include dealers that also are some of the nation's leading municipal financial advisors.

Rule A-3, as proposed, responds to two requirements of the Dodd-Frank Act that affect the membership of the MSRB. Under the Act, the Board must now consist of a majority of public members and the regulated members must include a representative of municipal advisors, which the Dodd-Frank Act for the first time places under MSRB supervision. However, in its current form, the proposed structure of the Board does not adequately assure that the interests of each of the categories of regulated members - municipal securities dealers (both broker dealers and bank dealers) and municipal securities advisors - are appropriately represented.

The Dodd-Frank Act requires that at least one regulated representative must be associated with and representative of broker-dealers, at least one must be associated with and representative of bank dealers and at least one must be associated with a municipal advisor. Rule A-3, as proposed, goes farther than the Dodd-Frank Act and guarantees municipal advisors a minimum of 30 percent of the regulated members while not

according to the same treatment to the other categories of regulated representatives. This effectively increases the minimum Board requirements established by the Dodd-Frank Act.

The proposed guarantee of 30 percent of the total number of regulated representatives to be associated with and representative of municipal advisors places unnecessary restrictions on the Nominating Committee's ability to analyze and propose the appropriate representation on the Board of various groups. The flexibility currently afforded the Board's Nominating Committee assures that the composition of the Board will be tailored to have the appropriate representation and expertise to address the specific challenges that the MSRB will face the following years. While having the regulated representatives be composed of at least 30 percent municipal advisors may appear appropriate today given the Board's new responsibilities in this area, this 30 percent guarantee would be a very unfortunate precedent that is not in the Board's best interest, or the interest of the municipal securities community, and may prevent the Board from organizing itself to best carry out its duties in the future. While in the short term, the MSRB is faced with an increased workload relating to its new responsibilities toward municipal advisors, in the long run the overwhelming bulk of the MSRB's work relates to the functioning of municipal markets. Given that, a requirement that 30 percent of the regulated representatives of the Board be municipal advisors would result in disproportionate representation on the Board.

Such a guarantee is unnecessary and would establish a harmful precedent. The Board's discretion in this area should not be curtailed. If the Congress had wanted to curtail the Board's discretion and require more favorable treatment of a particular regulated group, it could easily have done so.

Additionally, the currently proposed changes to Rule A-3 are silent on the fact that a number of municipal securities dealers are also municipal financial advisors. These market participants may have a different perspective from independent advisors. The rule should make clear that among those eligible to serve as representatives of municipal advisors are those municipal advisors who work for dealers. If that clarification is not made and our earlier suggestion to strike the 30 percent minimum representation for municipal advisors is also not made, the BDA suggests that, Rule A-3 be modified to require that at least one of the regulated representatives associated with municipal securities advisors be an advisor who is also municipal securities dealer.

Thank you for this opportunity to present our views. Please do not hesitate to call if you have any questions or would like to discuss this matter further.

Sincerely,



Mike Nicholas
Chief Executive Officer