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Jefferies

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November 29, 2010

Via Overnight Mail
Elizabeth M. Murphy, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549–1090

Re: File Number SR–MSRB–2010–10

Dear Ms. Murphy:

Jefferies & Company, Inc. ("Jefferies") is pleased to provide comments on the Securities and Exchange Commission's ("SEC") Release No. 34–63095, the Municipal Securities Rulemaking Board's ("MSRB") "Notice of Filing of Proposed Rule Change Consisting of Amendments to Rule A–13 to Increase Transaction Assessments for Certain Municipal Securities Transactions Reported to the Board and to Institute a New Technology Fee on Reported Sales Transactions" (the "Notice").

Jefferies recognizes that the MSRB needs stable and reliable funding to cover its many valuable initiatives including the significant costs incurred by the development and maintenance of EMMA as well as increased regulatory oversight responsibilities. Nonetheless, prior to approval of increased transaction assessments, Jefferies encourages the MSRB to substantiate the use of the additional revenue as well as to explain in more detail how the new assessment requirements were determined. Jefferies encourages the SEC to withhold action on fully implementing the increased transaction assessments until such time as the MSRB undertakes a more transparent and collaborative process regarding the funding and financing of MSRB activities. Such transparency will bring about creative proposals for allocating costs of MSRB costs to the appropriate market participants, including, municipal dealers, municipal advisors, institutional investors and other beneficiaries of the MSRB's operations. However, we acknowledge the MSRB's increased structural and operational costs and recommend that the SEC only approve a partial increase in transaction assessments (e.g., 50%) at this time.

In its current form, the proposed increased transaction assessment is inequitable because it is levied solely on municipal dealers. Pursuant to the passage of the Dodd-Frank Act, the MSRB now has jurisdiction over the regulation of municipal advisors, and will presumably devise a registration scheme for municipal advisors. At a minimum, Jefferies suggests that the initiation of the full increased fee assessment be delayed until the MSRB is in a position to begin collecting fees from municipal advisors to cover the MSRB regulation and supervisory costs and offset other MSRB initiatives.

The MSRB should develop a revenue model that allocates costs in a more objective manner, one that allocates costs of its activities among all of its members and those that benefit from its operation and effectiveness. Thus, Jefferies urges the SEC to delay implementation of the entire proposed increased transaction assessments, until such time as the MSRB, with more participation from market participants, can transparently develop a more equitable revenue model for itself.

Sincerely,

Kenneth D. Gibbs
President, Municipal Securities Group