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*Via Online Submission to: <http://www.sec.gov/cgi-bin/ruling-comments>*

Elizabeth M. Murphy  
Secretary  
United States Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

Re: File Number SR-MSRB-2011-03  
Rule G-23: Activities of Financial Advisors, 76 Fed. Reg. 10,926 (Feb. 28, 2011)

Dear Secretary Murphy:

First Southwest Company ("FirstSouthwest") appreciates the opportunity to provide the Securities and Exchange Commission (the "Commission") with comments relating to File Number SR-MSRB-2011-03, the proposed amendments to Municipal Securities Rulemaking Board ("MSRB") Rule G-23: Activities of Financial Advisors (the "Proposed Amendments").

FirstSouthwest supports the periodic review of rules and regulations to analyze whether they continue to be necessary, effective and to offer the protections intended upon their enactment in light of current conditions. FirstSouthwest is supportive of the MSRB's and the Commissions' efforts on this topic and believes there should be some changes to the current Rule G-23.

However, in its current form, the Proposed Amendments will adversely impact municipal bond transactions under \$5 million ("Small Issue Deals") where there are typically a very limited number of potential underwriters. If enacted, the Proposed Amendment will further eliminate an already limited number of potential underwriters for Small Issue Deals, resulting in decreased competition, reduced choice of underwriters and likely an increase in costs to issuers of Small Issue Deals. Current times of economic stress coupled with regulations that limit bidders for Small Issue Deals will cripple the market for Small Issue Deals with a resulting effect of economic devastation to small issuers.

Except for Small Issue Deals, FirstSouthwest does not believe there should be an exception for competitively bid transactions.

As a financial advisory firm and dealer, FirstSouthwest is sensitive to issuers that are offering a small transaction that draws less interest from underwriters. Such issuers will be negatively affected by the proposed prohibition as set forth in the Proposed Amendments. After extensive internal review, FirstSouthwest believes there must be an exception for Small Issue Deals - offerings under \$5 million in aggregate principal amount.

FirstSouthwest strongly requests that the Commission make amendments to the Proposed Amendments that are consistent with the comments set forth above. While FirstSouthwest generally supports the Proposed Amendments, there must be a **level playing field comprised of one set of rules for all participants in the municipal market.**

Respectfully submitted,



Hill A. Feinberg  
Chairman and CEO