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The PFM Group
Public Financial Management, Inc.
PFM Asset Management LLC
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August 23, 2011

Securities and Exchange Commission
100 F St NE
Washington, DC 20549
Attention: Elizabeth M. Murphy, Secretary
(202) 551-6000

Re: File Number SR-MSRB-2011-10
MSRB Submission of Final Amendments to Rule G-20

Gentlemen/Ladies:

The Securities and Exchange Commission ("Commission") has invited comments with respect to the Municipal Securities Rulemaking Board's ("Board") submission for the Commission's approval of a revised, "final" version of amendments to Board Rule G-20.

Public Financial Management, Inc. ("Public Financial") is exclusively a Municipal Advisor, registered as such with the Commission and the Board.

Although the new version of Rule G-20 avoids the destructive consequences for municipal advisors presented by the Board's comment version of the Rule (see File No. SR-MSRB-2011-10, pp. 52-55), the final version retains a needless ambiguity as to the gratuities to which the prohibition attaches. That is the result, we commented to the Board, of the Rule's having no language limiting the potentially prohibited payments to the sector which, at least from the language of the proposing Notice, the Board intended to shield from the corruption of excessive gifts. Rather than correcting that omission directly, the Board adopts a form in which the

prohibition is prefaced to apply only to a registrant's "municipal securities activities"[1] or "municipal advisory activities".

"Municipal advisory activities" is a defined term under the Board's Rules (MSRB Rule D-13); the "activities" is that conduct which, under the Dodd-Frank amendments to Section 15B(e)(4) of the Exchange Act, requires one to become registered as a municipal advisor - - namely, "provid[ing] advice to or on behalf of a municipal entity" or soliciting a municipal entity.

There would be no reason to doubt that final Rule G-20 comes into play to prohibit a municipal advisor's staff, when they are visiting the township building to advise on a transaction, from dropping off an envelope loaded with cash to a highly cooperative township officer. But there are other scenarios that are less clear. Are the hours spent by the municipal advisor's staff researching economic and transactional data that are relevant to the advice to be given to the municipal entity a "municipal advisory activity", such that Rule G-20 would be contravened by a $200 year-end holiday present to the employee of the advisory firm's data provider who comes out at all odd hours to fix the computers and the Bloomberg terminal? Would the Rule be violated by the advisor's making a gift of a briefcase to an associate of the advisor's law firm who had performed exceptional service in collaborating on a large and important advisory engagement? Those examples could be multiplied by the dozens where individual gratuities are involved, and the questions presented are not frivolous if Rule G-20 is enforced in accordance with its language. In each instance, a gift is made to an individual "in relation to the activities" of his or her employer. In each instance, the involved activity of the advisor is "in connection with its providing advice", because the advisor requires the use of its equipment, legal assistance and, really, the full range of support services and products. In each instance, the compliance officer of the municipal advisor who is asked to approve such a gift must recognize that the fact that a gift might not appear to jeopardize the integrity of the municipal advisory process does not mean that the persons charged with observing the Rule can disregard the language of the Rule without concern of overzealous enforcement.

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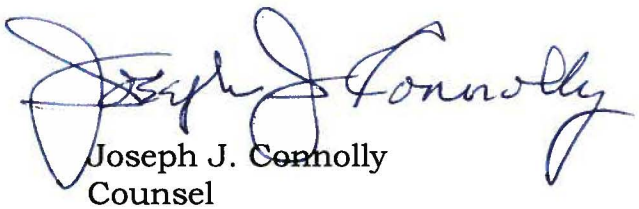
[1] Although the term "municipal securities activities" is frequently used in the Board's Rules, we can find no comprehensive definition of that term in the Rules or the Board's "Glossary". The closest that we can find is the definition of "municipal securities business" in Rule G-37(g)(vii). That may be the reference which the Board had in mind in the revised amendments to Rule G-20, but, if so, Rule G-20 would be inapplicable to a vast segment of the activities of a municipal securities broker (trading, and customer recruiting, for example). If Rule G-37 is not the relevant antecedent for "municipal securities activities", then brokers as well as municipal advisors will face similar ambiguities in properly complying with Rule G-20. But Public Financial is not a broker, and we need not detain ourselves, and the Commission, with someone else's concern.

Imposing such a burden of uncertainty on municipal advisors is needless, because, as we advised the Board in connection with its comment version, the drafting remedy is quite simple. The prohibition of Rule G-20 should be limited to gifts to individuals who are employees of "municipal entities or obligated persons" [the words of Section 15B(e)(4) of the Exchange Act] with whom the municipal advisor "is engaging or is seeking to engage in municipal" advisory activities [the formula used in Rule G-37(c)]; alternatively, Rule G-20 could adopt the concept used in Rule 206(4)-5(f)(10) under the Adviser's Act, by prohibiting gifts in excess of $100 per year given "for the purpose of obtaining or retaining a client for, or referring a client to * * * [a municipal] advisor."

If such a revision is adopted, there would be congruence between the text of the Rule and its purpose as stated by the Board, and no advisor or compliance officer would be put in jeopardy.

Respectfully submitted,



Joseph J. Connolly
Counsel

JJC:plj