



**National Association of Independent  
Public Finance Advisors**

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September 12, 2011

Elizabeth M. Murphy, Secretary  
Securities and Exchange Commission  
100 F Street, N.E.  
Washington, DC 20549-1090

Re: SR-MSRB-2011-11

Dear Ms. Murphy:

The National Association of Independent Public Financial Advisors (“NAIPFA”), founded 21 years ago, is a professional organization composed of independent public finance advisory firms located across the nation. Our member firms solely and aggressively represent the interests of issuers of municipal securities.

**Comment**

NAIPFA appreciates its opportunity to comment on the proposed amendments to Rule A-3 (the “Rule”) and expresses its agreement with the Rule’s requirement that there be at least one municipal advisor representative who is not associated with a broker dealer in each elected class of board members. However, NAIPFA continues to have concerns regarding the makeup of the Board as well as transparency with regard to its member selection and rulemaking processes.

On September 22, 2010, NAIPFA submitted a letter to the Securities and Exchange Commission (“SEC”) in response to File Number SR-MSRB-2010-08. At that time, NAIPFA stated its opposition to the composition of the transitional board, and specifically commented that the Board’s composition of seven broker/dealer and bank/dealer members compared to three municipal advisor members, did not constitute “fair representation” as was called for by the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Act”). At this time, NAIPFA reiterates its concerns regarding the general makeup of the Board and the transparency of the Board member selection process. As NAIPFA stated nearly a year ago, the process of leadership elections and Board member selection process has little transparency.

NAIPFA's concern is further illustrated by the fact that the Board members who are to serve on the Special Committee, which was established as part of this rule, have already been selected even though the Rule has not yet been enacted. Therefore, NAIPFA respectfully requests that the MSRB's Board member selection and leadership processes become more transparent in the future. As NAIPFA stated in its prior comment to the MSRB regarding Rule A-3, it is important



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that the process of Board member selection be an open one in order to ensure that the public interest is being served by appointing qualified representatives who can fulfill their respective roles. For example, to properly serve the public interest, public representatives must be independent and open to new perspectives and be free from the traditional and historical norms that were a part of the Board prior to the Act.

In addition, NAIPFA expresses its concern regarding the rulemaking process. NAIPFA respectfully requests that the MSRB utilize a more transparent process with regard to future rulemaking by giving member firms a better grasp of the rules which the MSRB addresses at particular Board meetings and the timeline with which the MSRB anticipates their release.<sup>1</sup> Recently, member firms have experienced an extremely large volume a rules and have experienced difficulty in tracking which rules have been released.<sup>2</sup> Further, NAIPFA respectfully requests that in the future the MSRB act to ensure that statements made by leadership are consistent with the actions of the Board.<sup>3</sup>

NAIPFA believes that only through an open and transparent process will the Board be able to meet its obligation to serve the public interest, and hopes that the MSRB will continue to strive to be more open and transparent. Although NAIPFA has concerns regarding the process by which the Special Committee members were selected, NAIPFA appreciates the MSRB's attempts to appoint disinterested members to facilitate the implementation of the draft Rule.

NAIPFA once again expresses its appreciation for the opportunity to submit its views on the amendments to Rule A-3. Please feel free to contact me if you have any questions or if further clarification of NAIPFA's comments are necessary.

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<sup>1</sup> One possible method of accomplishing this would be to post meeting agendas at least 48 hours in advance of a meeting date, and to allow for public attendance. NAIPFA understands that a number of MSRB meetings occur via teleconference rather than in person. For these telephone meetings, the MSRB could utilize one of the many teleconferencing services available that allow for public members to listen in but not participate.

<sup>2</sup> For example, at one point in August 2011, there were as many as ten new or amended rules pending approval that would have affected municipal advisors. Subsequently, without prior notice or clear justification, the MSRB withdrew five of these proposed rules and amendments from SEC consideration.

<sup>3</sup> For example, on May 23, 2011, the MSRB stated that it would be "continuing to discuss changes to its Rule G-23" (Lynn Hume, *MSRB To Move Forward with Two Rules, Two Interpretive Notices in June*, The Bond Buyer, May 23, 2011). Four days later, the SEC approved Final Rule G-23 (Lynn Hume, *SEC Approves Final G-23 Changes Barring Role Switching*, The Bond Buyer, May 27, 2011).



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Sincerely,

Colette J. Irwin-Knott, CIPFA  
President, National Association of Independent Public Finance Advisors

cc: The Honorable Mary L. Schapiro, Chairman  
The Honorable Elisse B. Walter, Commissioner  
The Honorable Luis A. Aguilar, Commissioner  
The Honorable Troy A. Paredes, Commissioner  
Liban Jama, Counsel to Commissioner Aguilar  
Lynnette Hotchkiss, Executive Director, Municipal Securities Rulemaking Board