

March 26, 2013

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

Re: Response to Comments on File No. SR-MSRB-2013-01

Dear Ms. Murphy:

On February 4, 2013, the Municipal Securities Rulemaking Board ("MSRB") filed with the Securities and Exchange Commission ("Commission") a proposed rule change consisting of amendments to Rule G-37 (on political contributions and prohibitions on municipal securities business), Rule G-8 (on books and records) and Form G-37 (the "proposed rule change").<sup>1</sup>

The proposed rule change amends Rule G-37 to require the public disclosure of additional information related to contributions made by brokers, dealers and municipal securities dealers ("dealers"), their municipal finance professionals ("MFPs"),<sup>2</sup> political action committees ("PACs") controlled by the dealer or their MFPs and non-MFP

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<sup>1</sup> See Exchange Act Release No. 68872 (February 8, 2013).

<sup>2</sup> Rule G-37(g)(iv) defines municipal finance professional as: (A) any associated person primarily engaged in municipal securities representative activities (exclusive of sales activities with natural persons); (B) any associated person (including but not limited to any affiliated person of the dealer, as defined in Rule G-38) who solicits municipal securities business; (C) any associated person who is both (i) a municipal securities principal or a municipal securities sales principal and (ii) a supervisor of any persons described in (A) or (B) above; (D) any associated person who is a supervisor of any person described in (C) above up through and including, in the case of a dealer other than a bank dealer, the Chief Executive Officer or similarly situated official and, in the case of a bank dealer, the officer or officers designated by the board of directors of the bank responsible for the day-to-day conduct of the bank's municipal securities dealer activities; or (E) any associated person who is a member of the dealer (or, in the case of a bank dealer, the separately identifiable department or division of the bank) executive or management committee or similarly situated officials, if any.

executive officers<sup>3</sup> to bond ballot campaigns and the municipal securities business<sup>4</sup> engaged in by dealers resulting from voter approval of the bond ballot measure to which such contributions were given. The additional information will be required to be reported on revised MSRB Form G-37 and submitted to the MSRB. The proposed rule change also amends Rule G-8 to require dealers to maintain records pertaining to the additional information disclosed under the proposed amendments to Rule G-37.

The proposed rule change was published by the Commission for comment in the Federal Register on February 14, 2013 and the Commission received four responses.<sup>5</sup> The GFS and Sunlight<sup>6</sup> comment letters support the proposed rule change and NAIPFA proposes

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<sup>3</sup> Rule G-37(g)(v) defines non-MFP executive officer as an associated person in charge of a principal business unit, division or function or any other person who performs similar policy making functions for the dealer (or, in the case of a bank dealer, the separately identifiable department or division of the bank, as defined in Rule G-1), but does not include any MFP.

<sup>4</sup> Rule G-37(g)(vii) defines municipal securities business as: (A) the purchase of a primary offering of municipal securities from an issuer on other than a competitive bid basis (e.g., a negotiated underwriting); (B) the offer or sale of a primary offering of municipal securities on behalf of any issuer (e.g., a private placement); (C) the provision of financial advisory or consultant services to or on behalf of an issuer with respect to a primary offering of municipal securities in which the dealer was chosen to provide such services on other than a competitive bid basis; or (D) the provision of remarketing agent services to or on behalf of an issuer with respect to a primary offering of municipal securities in which the dealer was chosen to provide such services on other than a competitive bid basis.

<sup>5</sup> See letters from Robert W Doty, Government Financial Strategies, Inc (“GFS”), dated February 20, 2013; Jeanine Rodgers Caruso, CIPFA, President, National Association of Independent Public Finance Advisors (“NAIPFA”) dated March 12, 2013; Ellen S. Miller, Co-founder and Executive Director, the Sunlight Foundation (“Sunlight”) dated March 5, 2013; and Bill Lockyer, Treasurer State of California, to Honorable Attorney General Kamala Harris, dated March 18, 2013, submitted by Nathan Howard, Esq., Legal Consultant, NAIPFA, which requests a formal legal opinion from her office regarding the conduct of some elected and appointed officials of local education agencies, and municipal finance firms doing business in California, as their conduct relates to local school bond measure ballot campaigns. The MSRB notes that the letter from Mr. Lockyer addresses state law matters, which are not the subject of the proposed rule change.

<sup>6</sup> Sunlight also requested that the MSRB improve transparency and accountability by making municipal information available in an open, standardized electronic format and by using non-proprietary unique identifiers. Neither of these requests were the subject of the proposed rule change, although the MSRB will keep these




more expansive rulemaking, including limiting or banning the contributions of dealer and dealer personnel to bond ballot campaign committees that authorize municipal securities business in which the dealer may engage and requiring the disclosure of such contributions to the MSRB more frequently than the existing quarterly requirement under Rule G-37. In response to the NAIPFA request for more expansive rulemaking in this area, the MSRB reminds the Commission that the MSRB has previously acknowledged and responded to similar comments, including those received pursuant to a request for comment to the public,<sup>7</sup> which were specifically addressed in the initial filing of the proposed rule change.<sup>8</sup> In addition, the MSRB reiterates that approval of the proposed rule change does not foreclose additional rulemaking in the future.

In conclusion, the MSRB believes that the comment letters do not raise any new issues that require consideration by the Commission in connection with approval of the proposed rule change.

Should you have any questions, please do not hesitate to contact me.

Very truly yours,



Gary L. Goldsholle  
General Counsel

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requests under advisement as it considers future enhancements to its political contribution transparency initiatives.

<sup>7</sup> See MSRB Notice 2012-43 (August 15, 2012). Request for Comment: Rule G-37 on Political Contributions and Prohibitions on Municipal Securities Business – Bond Ballot Campaign Committee Contributions.

<sup>8</sup> See Exchange Act Release No. 68872 (February 8, 2013).