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August 19, 2014

Elizabeth M. Murphy, Secretary  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

Re: SR-MSRB-2014-05

Dear Ms. Murphy:

The Investment Company Institute (ICI)<sup>1</sup> appreciates the opportunity to provide comments to the Securities and Exchange Commission (SEC) on the proposal of the Municipal Securities Rulemaking Board (MSRB) to adopt revisions to Rule G-3, relating to professional qualification requirements. In particular, the proposed amendments will update the Firm Element in the MSRB's continuing education requirements.<sup>2</sup> The Institute supports the proposed revisions to Rule G-3. We are pleased that this version of the rule addresses the concerns we raised previously with the MSRB when this proposal was published for comment.<sup>3</sup>

Notwithstanding our support for the rule, we recommend that the MSRB clarify one issue prior to the rule's adoption. This issue relates to a municipal securities dealer's documentation of its compliance with the rule. According to the Release, "Dealers would be required, under [revised] Rule

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<sup>1</sup> The Investment Company Institute is the national association of U.S. investment companies, including mutual funds, closed-end funds, exchange-traded funds (ETFs), and unit investment trusts (UITs). ICI seeks to encourage adherence to high ethical standards, promote public understanding, and otherwise advance the interests of funds, their shareholders, directors, and advisers. Members of ICI manage total assets of \$17.3 trillion and serve more than 90 million shareholders.

<sup>2</sup> See *Notice of Filing of a Proposed Rule Change Consisting of Proposed Amendments to Rule G-3, on Professional Qualification Requirements, Regarding Continuing Education Requirements*, SEC Release No. 34-72705 (July 29, 2014), 79 Fed. Reg. 45529 (August 5, 2014).

<sup>3</sup> See Letter from the undersigned to Ronald W. Smith, Corporate Secretary, MSRB, dated January 13, 2014, providing comments in response to MSRB Regulatory Notice No. 2103-22 (December 1, 2013).

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G-3(h)(ii)(B)(1), to document, in writing, their method for determining whether an individual, or class of individuals, regularly engages in or regularly supervises municipal securities activities as part of their needs analysis.” It appears, however, that there is nothing in Rule G-3(h)(ii)(B)(1) that expressly requires a dealer to maintain written documentation of its “method for determining” the persons who are subject to the dealer’s Firm Element training. Instead, the rule requires dealers to maintain a written training plan, which “must take into consideration the broker, dealer and municipal securities dealer’s size, organization, structure, and scope of business activities, as well as regulatory developments and the performance of covered registered persons in the Regulatory Element.” While we do not oppose the MSRB requiring registrants to document their method for determining the scope of their Firm Element program, to the extent registrants are expected to do so, we recommend that the rule expressly include this requirement.

We appreciate the opportunity to provide these comments on behalf of our members. If you have any questions, please contact the undersigned by phone ([REDACTED]) or email [REDACTED]).

Sincerely,

/s/

Tamara K. Salmon  
Senior Associate Counsel