

August 26, 2014

VIA ELECTRONIC MAIL TO: rule-comments@sec.gov

Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549

RE: Release No. 34-72705; File No. SR-MSRB-2014-05

Dear Secretary:

On behalf of the Bond Dealers of America (“BDA”), I am pleased to submit this letter in response to the Securities and Exchange Commission’s (“SEC”) Notice of Filing of a Proposed Rule Change Consisting of Proposed Amendments to Rule G–3, on Professional Qualification Requirements, Regarding Continuing Education Requirements (the “Notice”).¹

Support for Increased Municipal Securities Training

The BDA, in our letter dated January 13, 2014 to the Municipal Securities Rulemaking Board (“MSRB”), expressed support for requiring municipal securities training as part of the Firm Element training. We stated that requiring training of registered representatives regularly engaged in municipal securities activities “would also help keep these professionals abreast of emerging regulatory developments and industry trends[...].”² We would like to reiterate our support for this effort to the SEC.

Additional Compliance Burden and Duplicative Requirements

The BDA also commented to the MSRB in our January 13, 2014 letter that, as with any new or enhanced regulatory requirement, there are associated compliance costs borne by our member firms. The MSRB acknowledged that it was to be expected that firms would incur costs related to the development of training materials on topics specifically related to the municipal securities market in addressing this concern and stated that there were alternatives, such as professional conferences and webinars, that might prove less costly for dealers. While these alternatives may be less costly, there are still costs involved in expanding the scope of a dealer’s Firm Element continuing education requirement and these costs are proportionally higher for small and middle-market dealers with limited

¹ SEC Release No.34-72705 (Jul. 29, 2014); 79 CFR 45529 (Aug. 5, 2014); File No. SR-MSRB-2014-05.

² See BDA Letter dated Jan. 13, 2014 in response to MSRB Notice 2013-22 (Dec.13, 2013).

resources. Therefore, we would like the SEC to take this concern into consideration as well.

Enforcement of Continuing Education Requirements

The BDA continues to be concerned about enforcement of these continuing education requirements. BDA member firms often experience comparison by the regulators and examiners of their practices, policies and procedures against other larger firms. It is important to our membership that regulators and examiners understand that our firms often produce written supervisory procedures in a manner designed to meet the requirements of the rule and specifically tailored to the size of the particular firm and the specific areas of the municipal securities market in which it participates. We appreciate that the MSRB in the Notice expressly stated that “[d]ealers, however, will have the ability to create and deliver content in the most convenient and effective manner based on their own business model.” We think this is important and would like to be sure that both examiners understand that the dealers will develop Firm Element continuing education training that will be as unique as each firm as the industry monitors and compliance with Rule G-3 as amended.

Thank you for the opportunity to present our views on the MSRB’s proposed amendments to MSRB Rule G-3.

Sincerely,



Michael Nicholas
Chief Executive Officer

