

October 30, 2014

VIA ELECTRONIC MAIL

John Cross  
Director  
Office of Municipal Securities  
Securities and Exchange Commission  
100 F Street NE.,  
Washington, DC 20549

*RE: (Release No. 34-72956; File No. SR-MSRB-2014-07) Self-Regulatory Organizations; Municipal Securities Rulemaking Board ("MSRB"); Notice of Filing of a Proposed Rule Change (the "Proposed Rule Change") Consisting of Rule G-18, on Best Execution of Transactions in Municipal Securities, and Amendments to Rule G-48, on Transactions With Sophisticated Municipal Market Professionals ("SMMP"), and Rule D-15, on the Definition of SMMP (the "Notice")*

Dear Mr. Cross:

On behalf of the Bond Dealers of America ("BDA"), I am writing this letter to you to follow up on our discussion last week with the Securities and Exchange Commission (SEC) Office of Municipal Securities regarding the proposed amendments to Rule G-48 concerning SMMPs.

Our members believe that some if not many institutional investors will be unwilling to provide an affirmation that has the effect of excluding them from the application of a best execution rule on the dealer. Accordingly, we believe that the affirmation contained in Rule G-48 should be bifurcated into two affirmations. The first affirmation should be the affirmation in the current Rule G-48 and, if an institutional investor provides that affirmation, the investor should be treated as an SMMP for all purposes other than for the application of the best execution rule. The second affirmation would be tailored just to the best execution rule. If the institutional investor provides the first affirmation but not the second, then the investor would not be treated as an SMMP for the best execution rule but would still be an SMMP for all other rules.

The question of SMMP in Rule G-48 relates to whether the best execution rule should apply to a trade for an institutional investor. To assist the industry in further clarifying a dealer's responsibilities, we would ask that the MSRB prepare the interpretative release to specifically describe what dealers are required to do to comply with Rule G-18 and identify places where a dealer's responsibilities in connection with best execution would be different and potentially heightened for a retail investor who has little access to data, than for an institutional investor who has as much data as the dealer.

Thank you for the good discussion last week and the opportunity to submit these thoughts.

Sincerely,

A handwritten signature in blue ink, appearing to read "M. Nicholas", is positioned above the printed name.

Michael Nicholas  
Chief Executive Officer