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May 29, 2015

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

Via Email to rule-comments@sec.gov

Re: File No. SR-MSRB-2015-03

Dear Secretary:

We are counsel to a municipal advisory firm which is affiliated with a community bank and write to offer comments to the filing by the Municipal Securities Rulemaking Board ("MSRB") of proposed Rule G-42 (the "Proposed Rule").

As we move into the new regime which will govern the conduct of the business of a municipal advisor, we think it is imperative that the rules governing that business be clear and open to a single interpretation in order that municipal advisors might easily understand the restrictions on their activities in a given situation. It is against that concern that we offer the following comments:

Principal Transactions. As we understand the Proposed Rule, a municipal advisor is expressly prohibited from permitting its municipal advisory client from borrowing money from a bank affiliated with the municipal advisor if the loan is "in an aggregate principal amount of \$1,000,000 or more and its economically equivalent to the purchase of one or more municipal securities." (Supplementary Materials .11). The inclusion of that language raises several questions:

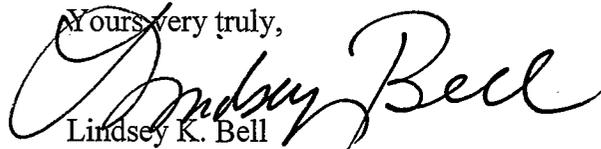
Aggregate Principal Amount of \$1,000,000 or more. What is the time period for aggregation of bank loans for purposes of application of the Proposed Rule? If a municipality borrows \$600,000 to purchase new garbage trucks in year one and in year two borrows \$500,000 to purchase new fire trucks, are those loans to be aggregated, or, does the aggregation component apply only when the two loans are closed simultaneously?

It is Economically Equivalent to the Purchase of One or More Municipal Securities. In our experience, the typical bank loan to a municipal entity is for the purchase of equipment and is payable over a term of less than five years. In our experience, the typical municipal security is secured by a pledge of revenues and is payable over a much longer term. Is a bank loan of \$1,500,000 which is secured by real or personal property and which is payable over a term of five years or less “economically equivalent to the purchase of one or more municipal securities?”

Bank Loans of Less Than \$1,000,000. The Proposed Rule prohibits a municipal advisor from engaging in a principal transaction directly related to the same *municipal securities transaction or municipal financial product* as to which the advisor is providing advice. A bank loan is not a *municipal securities transaction or municipal financial product* under the Exchange Act. In light of that, is the Proposed Rule to be read so as to permit an advisor to engage in a principal transaction through an affiliate provided that the advisor has otherwise satisfied its fiduciary obligation to the municipal entity by procuring bids for the proposed financing? Bank loans are commonplace for smaller transactions such as purchase of police cars, fire trucks, garbage trucks, school buses and the like, and, in almost every case, offer the municipality a much cheaper alternative to access to capital than municipal securities. If the affiliate of the municipal advisor is the lowest bidder on a loan, should the municipality be punished by borrowing at a higher rate because of the affiliation?

We respectfully suggest that the Proposed Rule should be appropriately modified to address these issues in order to provide clear direction to municipal advisors in the conduct of their business and, importantly, to eliminate the prospect that a municipal client is denied the opportunity to borrow funds on better terms solely because of the affiliation between its municipal advisor and a community bank.

Thank you for your attention to this matter.

Yours very truly,

Lindsey K. Bell

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