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Mr. Brent J. Fields
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: File Number SR-MSRB-2015-03: Proposed New Rule G-42

Dear Mr. Fields:

Thank you for the opportunity to comment on proposed MSRB Rule G-42. FirstSouthwest has long been an advocate of rules that create a level playing field that protect issuers and investors and that are applied universally to all municipal financial advisory firms, many of which were unregulated prior to the Dodd-Frank Act. Regulations such as G-42 should ensure that all municipal advisory firms compete on a level playing field and establish consistent standards of compliance for all firms that serve as municipal advisors.

As both former Chairmen of the MSRB and longtime participants in the municipal marketplace as licensed individuals, we are supportive of the initiative to regulate municipal advisors as required by the Dodd-Frank Act. However, there are certain aspects of the proposed MSRB Rule G-42 we believe can be improved upon to achieve the goal of issuer protection without overly burdening municipal advisors and the clients they serve, which could increase costs to municipal issuers and could result in some issuers not engaging municipal advisors.

Documentation of Recommendations

First and foremost, we are concerned with the documentation requirements to fulfill the suitability standard as they are currently proposed. As proposed, to properly document recommendations to clients, we estimate that municipal advisors may spend between twenty and thirty percent of their time writing letters to document compliance, providing a laundry list of

consequences that will dilute the advice given, similar to the way G-17 letters from underwriters have become boiler plate disclosures and have lost significance.

Sophisticated Municipal Issuer

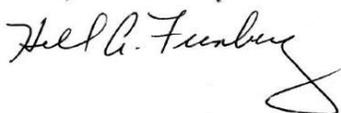
As stated in our March 7, 2014 comment letter to the MSRB on draft Rule G-42, we believe that certain issuers are capable of independently evaluating risks in issuing municipal securities, and exercising independent judgment in evaluating recommendations of a municipal advisor. For this select group of issuers, it is appropriate to provide for an exemption to the suitability standard in the form of a “sophisticated municipal issuer” exemption similar to the “sophisticated municipal market professional” designation for large institutional investors.

Additional Comments not related to G-42, regarding Pay-to-Play

In the interest of brevity, we would also like to express our concern that a Pay-to-Play rule for non-dealer municipal advisors is not in effect. In our position as both a municipal advisor and a broker-dealer, FirstSouthwest has operated under the regulations of the SEC, the MSRB and FINRA (f/k/a NASD) for many years. As such, we believe that MSRB Rule G-37 provides an appropriate framework for limitations on political contributions. Non-dealer municipal advisors should be subject to the same limit of \$250 per election to a candidate for whom the contributor is eligible to vote. Not only will this consistency facilitate compliance by other dealer-financial advisor firms such as ourselves, but it will serve Dodd-Frank’s mandate of issuer protection by ensuring that no market participant is able to operate with undue influence due to regulatory arbitrage.

Thank you again for the opportunity to address this proposed rule. Please contact us directly if you have any questions or comments.

Sincerely yours,



Hill A. Feinberg
Chairman and Chief Executive Officer



Michael Bartolotta
Vice Chairman