



George K. Baum & Company

INVESTMENT BANKERS SINCE 1928

May 29, 2015

VIA ELECTRONIC MAIL

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

RE: File Number SR-MSRB-2015-03

Dear Mr. Fields:

On behalf of George K. Baum & Company ("GKB" or the "Firm"), we are pleased to submit this letter in response to the filing by the Municipal Securities Rulemaking Board ("MSRB") of proposed Rule G-42 (the "Proposed Rule"). To help put our response in context; GKB is a small broker dealer whose principal business is municipal finance. Our Firm provides a multitude of services to our clients, both municipal entities and obligated persons, including underwriting services and municipal advisory services. When serving in an underwriting capacity, our principal bond distribution network is to institutional investors. We also have a relatively small retail distribution capacity. Accordingly, our comments are restricted only to our areas of expertise and therefore are not intended to be comprehensive of all of the provisions of Proposed Rule G-42.

Please also note that our Firm is a member of the Bond Dealers of America ("BDA"). The BDA is submitting a separate comment letter in response to the Proposed Rule. GKB approves, endorses and supports all of the comments and suggestions being provided by the BDA in its comment letter. In particular, GKB urges that the following provisions in the Proposed Rule be revised.

Principal Transactions. Like the BDA, GKB remains concerned with how the MSRB has drafted the prohibition on principal transactions in Section (e)(ii) of the Proposed Rule. As proposed by the MSRB, Section (e)(ii) states, "A municipal advisor to a municipal entity client, and any affiliate of such municipal advisor, is prohibited from engaging in a principal transaction *directly related* to the same municipal securities transaction or municipal financial product as to which the municipal advisor is providing advice." (Emphasis added.) We too think the term "directly related" is vague and open to conflicting interpretation. For the reasons set forth in the BDA's comment letter, we urge that Section (e)(ii) of the Proposed Rule be revised to focus on and prohibit those situations in which a municipal advisor structures a transaction and then creates a potential conflict of interest by participating as a principal in that same or related transaction on which it has rendered advice. Accordingly, we endorse and support the BDA's suggestion that Section (e)(ii) of the Proposed Rule be revised, as follows:

"A municipal advisor, and any affiliate of such municipal advisor, is prohibited from engaging in a principal transaction with a municipal entity client if the structure, timing or terms of such principal transaction was established on the advice of the municipal advisor in connection with a municipal advisory relationship with such municipal entity client."

May 29, 2015

Page 2 of 2

Timing of Disclosure of Conflicts of Interest and Other Information. As noted by the BDA in its comment letter, paragraphs (b) and (c) of the Proposed Rule contain different timing requirements. For the reasons stated in the BDA's comment letter, we urge that the provisions of paragraph (b) be revised to be consistent with the timing requirement in paragraph (c).

Paragraph (b) of the Proposed Rule, if unchanged, would require a municipal advisor to deliver conflict of interest and other disclosures "prior to or upon engaging in municipal advisory activities." In contrast, paragraph (c) would require municipal advisors to evidence their municipal advisory relationships in writing "upon or promptly after the establishment of the municipal advisor relationship." We think the timing requirement in paragraph (c) of the Proposed Rule makes sense in that it is consistent with the activities-based definition of municipal advisor. The same should be true of a municipal advisor's provision of conflict of interest and other disclosures under paragraph (b) of the Proposed Order. As stated by the BDA in its comment letter, municipal entities and obligated persons should be in a position to review and understand conflicts of interests of their municipal advisors, and disclosures of those conflicts thus should be made by a municipal advisor to its municipal entity or obligated person client at the time that they enter into the municipal advisory relationship. Accordingly, we also urge that the timing requirement in paragraph (b) of the Proposed Rule be revised to be consistent with the timing requirement in paragraph (c).

Thank you for the opportunity to submit these comments on the Proposed Rule.

Sincerely,



Guy E. Yandel
EVP & Head of Public Finance



Dana L. Bjornson
EVP, CFO & Chief Compliance Officer



Andrew F. Sears
SVP & General Counsel