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Member FINRA
and S.I.P.C.



Stockbrokers

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To members of the Board of Finra and the MSRB and to SEC Commissioners:

The MSRB has proposed doubling its minimum annual fee for members to \$1,000 from \$500. After careful analysis, the geniuses on the MSRB Board feel that this is "fair."

I'll admit that I considered the MSRB to be a curse on my firm's existence before it proposed to double its annual fee. My firm's annualized municipal revenues are about \$2,800, all of which come from 529 plans, most of which consists of 12 b-1 fees. The geniuses running the MSRB believe, after careful, holistic study, that confiscating 36% of my firm's municipal revenues each year is "fair." If 529 plans were considered mutual funds, rather than municipal securities, my firm would withdraw from the MSRB in a heartbeat and they would get nothing from us.

SIPC has the brains to charge a fee based on revenues, with a reasonable minimum for small firms. Why my firm's membership in the MSRB should be five times as expensive as my SIPC fee is beyond my comprehension. Finra's minimum annual fee is also reasonable compared with that of the MSRB. The MSRB should get its revenue primarily from user fees, in which case my firm would pay next to nothing. Or it should base its membership fee on municipal revenues. I'm sure that if the MSRB tried to confiscate 38% or the municipal revenues of Merrill Lynch or Goldman Sachs, those giants of finance would not consider it fair.

Finra has burdened all of its members with a new Focus report that breaks out Municipal revenues. Perhaps one of the geniuses at the MSRB should ask FINRA about the revenues of the smallest 1,000 Finra members and what their municipal revenues are. The MSRB's proposal merely confiscates a disproportionate amount of my firm's municipal profits.

SIPC has figured out that the largest firms pose the greatest risk to the investing public and to SIPC, and that they should pay most of the fees, with a fee based upon revenues. The MSRB proposal is simple a transfer program increasing profits at the largest firms at the expense of the smallest firms. The MSRB should be embarrassed by its own stupidity. This is not a fair proposal. It is grotesquely unfair and favors large firms over small firms.

Sincerely,

Sheldon Grodsky, President
Grodsky Associates