



April 25, 2017

Mr. Brent Fields  
Secretary, Securities and Exchange Commission  
100 F Street, SE  
Washington, DC 20549  
*Via electronic submission*

**RE: SR-MSRB-2017-02**

Dear Secretary Fields:

The National Association of Municipal Advisors (NAMA) appreciates the opportunity to provide comments to the Securities and Exchange Commission (SEC) on new Municipal Securities Rulemaking Board (MSRB) continuing education (CE) requirements within MSRB Rule G-3. NAMA represents independent Municipal Advisory Firms and Municipal Advisors (MA) from across the country. NAMA, among other objectives, serves to promote and provide educational efforts and assist its members navigate the federal regulatory and municipal market landscapes.

NAMA continues to strongly support efforts to set qualification and continuing education standards for registered municipal advisor representatives ("MA"). With the final implementation of the Series 50 testing this September, it is imperative for municipal advisors to continue to expand their knowledge and improve their professional skills. Having high professional standards in place helps MAs serve their clients and benefits state and local governments and other entities.

While we support the MSRB's proposed changes to Rule G-3 to include continuing education requirements for municipal advisors, we would like to comment on a few items requiring additional focus and resolution prior to implementation.

First, we appreciate the relative flexibility provided for each Municipal Advisory firm to conduct its own annual evaluation and development and implementation of a CE training plan. This is helpful since the registered firm and individual MA community is very diverse. However, we recommend that the MSRB develop guidance to help MA firms, especially small MA firms, better understand the "needs analysis" that they must conduct, and provide examples of the types of training that can be sought to meet the requirements of the regulation. For instance, the MSRB could develop sample documents, FAQs, and/or guidance related to ways to meet the requirements of Rule G-3 (see additional discussion in Attachment A). MSRB review and consideration of adequate adaptation of the resources available to broker-dealers through the CE Council (Securities Industry/Regulatory Council on Continuing Education) platform, especially the content related to the "Firm Element" section, would also be extremely useful for MAs (see: <http://www.cecouncil.com>; <http://www.cecouncil.com/firm-element/>). Finally, further clarification of the scope and parameters per Section (ii)(D) on the authority for the "appropriate enforcement authority" to require training for individuals or a group within a firm following an exam is also necessary.

The proposed rules have been updated since the MSRB's original proposal last year to delay implementation until 2018, noting that MAs will have to complete their first training by 12/31/2018. We commented last year that many of the MSRB's new rules for MAs have come without any guidance from the MSRB. This contrasts with the MSRB's history of developing guidance for broker-dealer rules. Without this guidance, it will be difficult for MAs to conduct an adequate "needs analysis" and training to align with the correct interpretation of the rulemaking. Guidance will also assist with demonstrating that the "needs analysis" is completed and implementation of the training program is appropriate, when the Office of Compliance Inspections and Examinations (OCIE) staff request documentation of Rule G-3 compliance during an examination. We believe guidance from the MSRB is needed, prior to MAs being able to implement a useful and meaningful training program. Therefore, the SEC may wish to consider further delaying implementation of Rule G-3, until the MSRB issues guidance on their rulemaking for MAs, allowing MAs to better understand the requirements and make well-informed decisions on how best to conduct a needs analysis and implement a training program.

NAMA continues to raise the issue that the MSRB should address concerns related to the economic impact its rulemaking has on sole-practitioner and small MA firms. As with all MSRB rulemaking, we believe that the MSRB should empirically look at the economic impact both a single rule has on this MA population as well as the economic toll the cumulative regulatory burden has on MAs. As we noted in our previous comment letter on this matter –

*...[T]he MSRB should be cognizant that in the release accompanying the Final Municipal Advisor Rule the Commission specifically recognized the demonstrable economic value that municipal advisors provide to a client. See Securities Exchange Act Release No. 70462 (September 20, 2013), 78 FR 67467 (November 12, 2013) at footnote 1830 and accompanying text. Certain of those studies recognized the specific economic value provided by independent municipal advisors. Throughout the Final Municipal Advisor Rule, the Commission also weighed the impact of municipal advisory firms exiting the market. Central to their conclusion that exits from the market would not negatively impact the market was their expectation that over 100 new Municipal Advisors would register with the Commission each year with only 30 exiting per year. See Securities Exchange Act Release No. 70462 (September 20, 2013), 78 FR 67467 (November 12, 2013) at footnote 1719 and accompanying text. However, the net gain of municipal advisors in the last year has been significantly less than what the Commission expected in the Final Rule, and we have yet to see the full impact of MAs who may leave the business following the Series 50 testing deadline in September, 2017.*

*In evaluating the potential economic harm of the proposal may have on MAs, the MSRB should recognize the multiple roles a principal in a small MA firm or a sole-practitioner MA has to their clients and under the rulemaking regime already imposed by the MSRB. In addition to providing MA services to their clients, they serve as the Chief Compliance officer with multiple additional ongoing and annual responsibilities as well as adhering to documentation expectations for their transactions and other recordkeeping duties, and complying with professional qualification standards. The additional requirements of continuing education for all MAs and especially sole practitioners and smaller firms, should be considered along with the already existing regulatory burdens of the MSRB rulebook, and not create an overwhelming economic or administrative burden on these professionals.*

Finally, NAMA raised this issue last November, and would again ask that the MSRB consider a non-substantive, but a clarifying change be made to reference those MAs that have obligated person clients and not municipal entity clients. To best allow for this clarification in rulemaking, we propose the

following technical change to proposed Rule G-3(i)(ii)(B)(2)(a): “(a) standards of conduct applicable to municipal entity and obligated person clients.”

NAMA is supportive of the effort to include continuing education requirements for MAs. However, before MSRB Rule G-3 is implemented, additional guidance from the MSRB on Rule G-3, especially related to the development of a “needs analysis” and training programs, should be completed.

Thank you for the opportunity to comment on this important issue.

Sincerely,



Susan Gaffney  
Executive Director

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Attachment A

#### Areas Where Guidance Would Assist MAs in Developing a “Needs Analysis”:

- how Firms should identify and evaluate applicable training needs, including those related to the fiduciary duty standard and regulatory issues that arise with current practices for clients, as well as anticipated or forthcoming responsibilities for clients;
- what content should be included in a written plan;
- acceptable delivery mechanisms for meeting CE requirements; and
- how to document training was completed. On this issue, the Notice does not contain proposed changes to recordkeeping requirements (G-8/G-9), however, it is more than likely that MAs will be required to produce documentation to examiners that they are abiding by Rule G-3.
- Sample templates for all of the above