



May 21, 2020

Ms. Vanessa Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street NE
Washington, DC 20549

Re: Proposed Rule Change to Align Certain MSRB Rules to Securities Exchange Act Rule 15l-1, Regulation Best Interest (SR-MSRB-2020-02)

The American Securities Association (“ASA”) appreciates the opportunity to comment on the Municipal Securities Rulemaking Board’s (“MSRB”) proposal to amend MSRB rules in response to Regulation Best Interest (“Reg BI”) set to go into effect on June 30, 2020 (“the Proposal”).

The ASA has strongly supported Reg BI, which was finalized by the Securities and Exchange Commission in June 2019. Reg BI is a strong national standard that includes significant investor protections and establishes clear rules for broker-dealers, without crippling business models that have served investors well for years. Having a national standard has become increasingly important given efforts by certain states to undermine Reg BI by adopting their own conflicting standards which confuse investors, increase costs, and reduce access to advice.

Reg BI requires broker-dealers to consider several factors when providing advice and making recommendations to retail investors. This includes considering the potential risks, rewards, and costs associated with recommendations, and a prohibition against a broker putting their own interest ahead of their clients. Reg BI raises the bar for the entire broker-dealer industry and will prevent bad actors from taking advantage of vulnerable investors.

The adoption of Reg BI requires MSRB to align its rules with the new national standard. The Proposal would update MSRB Rule G-19 on suitability, Rules G-8 and G-9 on books and records, Rule G-20 on gifts and gratuities, and Rule G-48 on transactions with sophisticated municipal market professionals. The ASA appreciates the work of the MSRB in the Proposal to align its rules with the Financial Industry Regulatory Authority’s (FINRA) rules when possible so that broker-dealers are not subject to multiple standards.

We thank the SEC and MSRB for advancing this Proposal and look forward to working with both agencies to ensure that Reg BI meets its intended goals.

Sincerely,

Kelli McMorrow

Kelli McMorrow
Head of Government Affairs & Director of Fixed Income Policy
American Securities Association

The ASA is a trade association that represents the retail and institutional capital markets interests of regional financial services firms who provide Main Street businesses with access to capital and advise hardworking Americans how to create and preserve wealth. The ASA’s mission is to promote trust and confidence among investors, facilitate capital formation, and support efficient and competitively balanced capital markets. This mission advances financial independence, stimulates job creation, and increases prosperity. The ASA has a geographically diverse membership base that spans the Heartland, Southwest, Southeast, Atlantic, and Pacific Northwest regions of the United States

