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The requirement under Rule G-34(a)(ii)(C) that an underwriter of a new issue of municipal securities that is NIIDS eligible submit certain information about the new issue to NIIDS was designed to facilitate timely and accurate trade reporting and confirmation, among other things. In addition, the submission of this information was meant to address difficulties dealers have in obtaining descriptive information about new issues of municipal securities.<sup>39</sup> While underwriters of issues that are NIIDS eligible submit a great deal of information about a new issue to NIIDS, much of this information is not auto-populated into Form G-32 because not all of the fields required to be submitted to NIIDS are required fields on Form G-32.<sup>40</sup>

In the Concept Proposal, the MSRB sought public comment on the inclusion of certain additional data fields on Form G-32 that would be auto-populated with information underwriters currently are required to input into NIIDS. BDA and NAMA supported the inclusion of some existing NIIDS data on Form G-32,<sup>41</sup> and BDA and SIFMA believed the addition of minimum denomination information from NIIDS would be a useful addition to Form G-32.<sup>42</sup>

The MSRB seeks further comment as to whether certain additional information currently submitted to NIIDS but not auto-populated on Form G-32, should now be required data fields on Form G-32. Mandating certain additional data points on Form G-32 would ensure transparency continuity to

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<sup>38</sup> The [EMMA Dataport Manual for Primary Market Submissions](#) describes the requirements of MSRB Rule G-32 for underwriters to submit primary market disclosure documents and information to EMMA and gives instructions for making such submissions. Rule G-32 requires that such submissions be made as set forth in the EMMA Dataport Manual.

<sup>39</sup> The requirement to provide this information and the process for doing so are addressed in Rule G-34 and Rule G-32, respectively. While NIIDS provides the system for submitting the information, its use does not obviate the requirement that information submitted pursuant to Rule G-34 be timely, comprehensive and accurate. See [MSRB Notice 2007-36 \(Nov. 27, 2007\)](#).

<sup>40</sup> [Appendix A](#) sets forth those NIIDS data fields the MSRB is proposing to include on Form G-32. None of these data fields currently is auto-populated into Form G-32 because Form G-32 does not have corresponding data fields to receive the information.

<sup>41</sup> BDA Letter at p. 4 and NAMA Letter at p. 5.

<sup>42</sup> BDA Letter at p. 4 and SIFMA Letter at p. 19.































### 3. Identifying and evaluating reasonable alternative regulatory approaches

Specific to the proposed auto-population of additional data elements on Form G-32 with information from NIIDS, the primary alternative would be to collect this information directly on Form G-32 without auto-population. However, this alternative would impose an unnecessary burden on regulated entities by requiring them to devote additional time and resources to providing duplicative information, where the same information is available from NIIDS. Because the regulatory objectives of transparency and improved usage of information can be achieved through other less burdensome means, this alternative would not be practical. Limiting the burden on regulated entities, whenever possible, makes it more cost effective for those entities to provide information that is critical to the market.

Another alternative would be to collect the additional information from a third-party data vendor other than NIIDS. However, this would require the third party to obtain the information either from NIIDS or from the underwriter directly, again requiring unnecessary duplication of information input. In addition, obtaining information from a third party might limit the MSRB's ability to make the information available, thus hindering the MSRB's goal of increasing market transparency.

A third alternative is to not collect the additional data elements on Form G-32. However, not collecting the data would impede the MSRB's goal of creating an ongoing transparent market for municipal securities. Thus, this alternative is unattractive.

### 4. Assessing the benefits and costs of the proposed changes

The MSRB is seeking, as part of this Request for Comment, additional data or studies relevant to the costs and benefits of the proposed changes. In addition, the MSRB requests market participants to provide quantitative estimates of both the upfront and ongoing cost of providing the data elements below.

*Benefits.* The MSRB believes that including some or all of the information provided to NIIDS on Form G-32 would improve the MSRB's flexibility regarding data usage. Specifically, by collecting the NIIDS data for inclusion on Form G-32, the MSRB would have greater control and flexibility to make the information available publicly for the foreseeable future without depending on third-party data providers, which would benefit market participants.

The MSRB believes that collecting additional new information on Form G-32 directly, as opposed to relying on third-party data providers, would ensure the long-term sustainability of making the information available to the public. The effort would have several long-term benefits, including increased transparency, improved market information and reduced likelihood of information asymmetries.

Without the proposed changes to Form G-32, the MSRB would have less long-term flexibility to make the information transparent to the market, as the MSRB would have to continue to rely upon third-party data providers to gather the information for public display. With potentially less transparency of information in the long run, retail investors could have access to less information than market professionals, possibly resulting in information asymmetry. Information asymmetry could cause market price distortion and/or transaction volume depression resulting in an undesirable impact on the municipal securities market.

Underwriters of new issues that are not NIIDS eligible must input the information required by Form G-32 directly into the form without the benefit of auto-population of data via NIIDS. However, the information only needs to be entered one time.<sup>50</sup> Because these non-NIIDS eligible new issues are unlikely to trade in the secondary market, the main benefit of the proposed changes would be to facilitate the MSRB's usage of data regarding these issues.

Costs. The economic analysis of the potential costs associated with the proposed changes does not consider the aggregate costs associated with the proposed changes, but instead focuses on the incremental costs attributable to the proposed changes that exceed the baseline state. The costs associated with the baseline state are, in effect, subtracted from the total costs associated with the proposed changes to isolate the costs attributable to the incremental requirements of the proposed changes.

Rule G-32 and Rule G-34 already require information to be submitted to NIIDS accurately by underwriters, therefore costs associated with providing these data elements are considered part of the baseline, assuming full

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<sup>50</sup> However, according to the EMMA Dataport Manual, until closing, the underwriter is expected to update promptly any information previously provided by it on Form G-32 which may have changed, or to correct promptly any inaccuracies in such information. The underwriter also is responsible for ensuring that such information is accurate as of the closing date.

compliance with Rule G-32 and Rule G-34.<sup>51</sup> The additional cost imposed on market participants for data to be auto-populated from NIIDS onto Form G-32 should be limited, which may include, for example, additional time to review the pre-populated information for accuracy.

Similarly, underwriters of non-NIIDS-eligible new issues are already obligated to complete Form G-32 manually pursuant to Rule G-32(b)(i)(A)(2). Underwriters would also need to provide the proposed additional data elements directly on Form G-32 manually, and this may result in an additional burden for underwriters because of the additional data fields that would need completing and updating. However, the MSRB believes the proposed changes should not impose a significant amount of additional time or burden as the information should be readily available to those underwriters.<sup>52</sup>

*Effect on Competition, Efficiency and Capital Formation.* Since the data is already provided to and available through NIIDS from underwriters of new issue municipal securities that are NIIDS eligible, the proposed changes would not impose a significant burden on regulated entities. Submitters of Form G-32 would have a responsibility to ensure that pre-populated information, as well as manually-completed information, is accurate. However, this responsibility would not rise to the level of a burden on competition since it would apply equally to all underwriters inputting information whether for NIIDS-eligible or non-NIIDS-eligible new issues. The MSRB believes that the proposed changes would enhance market competition by ensuring market participants continue to receive new issue information.

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<sup>51</sup> However, in the event that certain data elements cannot be auto-populated because the information was not currently provided to NIIDS, firms would need to input this information into Form G-32 manually.

<sup>52</sup> Presently, one firm submits partial data to Form G-32 via a business-to-business connection (“B2B”), which is a computer-to-computer connection that does not require any human intervention and provides underwriters a direct data submission channel to Form G-32. With respect to the proposed changes, this B2B submitter would presumably continue to provide some of the proposed data elements via the same B2B connection, because auto-population from NIIDS is not possible with this format of submission. However, B2B is an automated submission itself; therefore, the burden of providing these additional data elements would be limited to the initial time and cost of coding for the process. Subsequently, there should not be additional burden associated with providing this information to the MSRB on a periodic basis.

### **C. Additional Data Fields on Form G-32 Not Auto-Populated with Information From NIIDS**

#### **1. The need for proposed changes to Rule G-32 for additional non-auto-populated data fields**

As much as possible, the MSRB seeks to minimize the burden of the proposed regulation by obtaining information from existing sources such as NIIDS. Certain data elements that the MSRB believes would be useful to investors are not input into NIIDS or collected by the MSRB. As set forth above, this information would need to be directly input on Form G-32 to be available to market participants.

As discussed in detail above with regard to the additional data elements not currently captured by NIIDS (i.e., ability for minimum denomination to change, additional syndicate managers, full call schedule, legal entity identifiers for credit enhancers and obligated persons, name of municipal advisor, name of obligated person, percentage of CUSIP number refunded and retail order period by CUSIP number), the MSRB has considered the need to require each of the proposed data elements individually. The MSRB believes that this information is valuable in enhancing transparency and helping ensure an efficient secondary market for municipal securities. Please refer to Section 4 below for a detailed discussion of each data element.

#### **2. Relevant baselines against which the likely economic impact of the proposed changes can be considered**

For the proposed changes to Form G-32 that are related to additional data elements that are not currently submitted to NIIDS, the MSRB is proposing to require underwriters to input this information directly onto Form G-32. Thus, the baseline would be the existing Rule G-32 and the current Form G-32. This analysis considers costs and benefits of the proposed changes above the baseline. Specifically, since certain data elements are already required on Form G-32, submission of currently-required information is considered part of the baseline for purposes of this Request for Comment, and only costs associated with supplying the additional data elements not currently input into NIIDS are addressed in the discussion of costs and benefits.

#### **3. Identifying and evaluating reasonable alternative regulatory approaches**

Similar to the alternative above for auto-population of data from NIIDS, one alternative to collecting data directly on Form G-32 would be for the MSRB to collect this information from a third-party vendor. In that case, the MSRB



would require validation of data accuracy for those additional data fields the same way it currently requires accuracy for all data elements submitted to NIIDS. However, reliance on third-party vendors could limit the MSRB's ability and latitude to make the data available to the market, thus hindering the goal of increased transparency.

Likewise, the MSRB could consider not collecting and disseminating the additional data elements. This alternative is undesirable because it would prevent the benefits that are associated with the proposed changes, including enhanced secondary market transparency, from being realized. Regarding selected data elements that the MSRB is proposing to collect through NIIDS above, the MSRB first considered whether information has the intended benefits of enhancing market transparency and improving the MSRB's flexibility regarding usage of the data, and then whether the information is readily available from NIIDS to minimize the burden that it imposes on underwriters.

Finally, the MSRB could consider collecting all of the proposed additional data through NIIDS, including the newly proposed data points that are not currently input into NIIDS. However, those data elements are currently not available from NIIDS; thus, it is more practicable for the MSRB to collect the information directly on Form G-32. If DTC were at some point to change its data collection scope, the MSRB could revisit the approach.

#### **4. Assessing the benefits and costs of the proposed changes**

*Benefits.* The MSRB believes there would be many benefits associated with collection of the proposed additional data elements not currently collected in NIIDS, as these new data elements are currently not available to the MSRB. The proposed changes, such as the disclosure of full call schedule, would enable the MSRB to provide more information to the market. This would increase transparency, which should reduce information asymmetry, enhance market efficiency, assist individual investors with more informed decision making and further reduce transaction costs for investors in the secondary market. As noted above, academic studies have demonstrated the benefits of such transparency to the market.

Academic studies have consistently shown that information disclosures on municipal bond issuances have benefited investors, particularly retail investors who have higher information acquisition costs than institutional investors. For example, a measurable reduction in the transaction costs paid by retail investors and related pricing inefficiencies in the secondary market for municipal securities have been attributed to information disclosure via

online repositories.<sup>53</sup> Without the proposed additions to Form G-32, retail investors would have access to less information than some market professionals, resulting in information asymmetry. Information asymmetry could cause market price distortion and/or transaction volume depression resulting in an undesirable impact on the municipal securities market.

In addition, improved transparency of some other additional data fields, such as names of municipal advisors, corporate obligated persons and syndicate managers, would provide issuers with better information about their potential choices for selecting municipal advisors, obligors and underwriters. The additional information should further enhance the efficiency of primary market activities.

Costs. In the context of this proposal, the relevant costs are those associated with providing information for the proposed new data elements. For the most part, this information is readily available to underwriters. However, it is useful to consider each element individually below.

- **Ability for Minimum Denomination to Change** – The MSRB is proposing a “Y/N” flag on Form G-32 to indicate whether the minimum denomination for the issue has the ability to change. Since this information is contained in the official statement, which is readily available to underwriters prior to issuance, the MSRB believes the costs associated with providing this information would be negligible.
- **Full Call Schedule** – The MSRB is also considering requiring additional call information on Form G-32. Like most of the data elements in the Request for Comment, call information is known to underwriters prior to issuance. Therefore, the costs associated with providing this information on Form G-32 primarily take the form of additional time needed to complete Form G-32. Like other proposed data elements, the MSRB believes that the time required to provide this information (and any subsequent cost) would not be significant.
- **Names of Municipal Advisors, Obligated Person(s) and Additional Syndicate Managers (Senior and Co-Managers)** – The MSRB is also proposing to require the names of municipal advisors, obligated

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<sup>53</sup> See Cuny, Christine, “Municipal Disclosure and the Small Trade Premium,” Working Paper, New York University, November 28, 2016, and Dzigbede, Komla, “Regulatory Disclosure Interventions in Municipal Securities Secondary Markets: Market Price Effects and the Relative Impacts on Retail and Institutional Investors,” Working Paper, State University of New York at Binghamton, July 2017.

person(s) and additional syndicate managers (if applicable) on Form G-32. This information is readily available to underwriters and the incremental cost of providing this information takes the form of additional time required to complete Form G-32. The MSRB believes that the time (and the subsequent cost) would not be significant.

- **Retail Order Period by CUSIP Number** – Under the proposed changes, more detailed retail order period information would be required on Form G-32. Specifically, underwriters would be required to provide CUSIP-specific retail order period information. Like other of the proposed data elements, this information is well known to the underwriter prior to issuance and contained in the official statement. Therefore, the burden of providing this proposed additional information is limited to simply inputting it on the form. Thus, the main associated burden would be the additional time required to complete the form. Incrementally, this cost would be minor as it should not require significant time to enter the new information.
- **Percentages of Security Refunded by CUSIP Number** – The proposed change would require the underwriter, in a refunding, to provide the percentage of each CUSIP number refunded in an issue. The percentage of CUSIP numbers being refunded should not be difficult for underwriters to gather and to provide to the market, as underwriters should already have the information on hand.
- **LEIs for Credit Enhancers and Obligated Persons, if available** – The MSRB is proposing to require the LEI for the obligated person and any credit enhancers to be provided, if readily available. In the case of the LEI for credit enhancers, this information would only be required if credit enhancements were used. LEI information is publicly available through various platforms so the cost of obtaining and providing this information would be limited. Additional costs in the form of search time may be incurred if the underwriter does not have the appropriate LEI(s) on hand. In the event that an entity does not have an LEI, the underwriter may incur additional search costs to confirm that an LEI does not exist. The proposed changes might create a disincentive for entities to obtain LEIs since they would require LEI information only when readily available.

The MSRB believes that the long-term accrued benefits of the proposed changes, including the benefit of transparency of this information in the broader market, would outweigh the burden imposed on underwriters.<sup>54</sup>

*Effect on Competition, Efficiency and Capital Formation.* The MSRB believes that the proposed changes may improve the efficiency of the municipal securities market by promoting consistency and transparency of information. At present, the MSRB is unable to quantitatively evaluate the magnitude of efficiency gains or losses, or the impact on capital formation, but believes that the benefits would outweigh the costs over the long term. Additionally, in the MSRB's view, the proposed changes would not result in an undue burden on competition since they would apply to all underwriters equally.

## Conclusion

Overall, the MSRB believes the above proposed changes should bring additional benefits to the market, with relatively limited costs to market participants. The MSRB has assessed the impact of the proposed changes and believes that the likely benefits should accrue and outweigh the likely costs over the long term.

The MSRB is soliciting estimates of any costs associated with the proposed changes in this Request for Comment but believes that, on aggregate, the costs would be less than the cumulative benefits.

July 19, 2018

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<sup>54</sup> For B2B submissions, to provide the above-proposed data elements, this submitter would incur development costs to code for the new submission format since their information is not auto-populated on Form G-32 from NIIDS. The MSRB realizes that this firm would most likely face greater up-front costs in the event of a rule change due to the one-time cost to revise the firm's B2B submission code than firms submitting manually.

## Text of Proposed Amendments\*

### Rule G-11: Primary Offering Practices

(a) – (f) No change.

(g) *Designations and Allocations of Securities*. The senior syndicate manager shall:

(i) No change.

(ii) notify all members of the syndicate, simultaneously, via a free-to-trade wire, that trading restrictions have been lifted.

~~(iii)~~ within two business days following the date of sale, disclose to the other members of the syndicate and the issuer, in writing, a summary, by priority category, of all allocations of securities which are accorded priority over members' take-down orders, indicating the aggregate par value, maturity date and price of each maturity so allocated, including any allocation to an order confirmed at a price other than the original list price. The summary shall include allocations of securities to orders submitted through the end of the order period or, if the syndicate does not have an order period, through the first business day following the date of sale;

~~(iii)~~ disclose, in writing, to each member of the syndicate and the issuer all available information on designations paid to syndicate and non-syndicate members expressed in total dollar amounts within 10 business days following the date of sale and all information about designations paid to syndicate and non-syndicate members expressed in total dollar amounts with the sending of the designation checks pursuant to section (j) below; and

~~(iv)~~ disclose to the members of the syndicate, in writing, the amount of any portion of the take-down directed to each member by the issuer. Such disclosure is to be made by the later of 15 business days following the date of sale or three business days following receipt by the senior syndicate manager of notification of such set asides of the take-down.

(h) – (i) No change.

(j) *Payments of Designations and Sales Credits*. All syndicate or similar account members shall submit the allocations of their designations according to the rules of the syndicate or similar account to the syndicate or account manager within two business days following the date the issuer delivers the securities to the syndicate. Any credit designated by a customer in connection with the purchase of securities as due to a member of a syndicate or similar account or any group net sales credits due to a member of a syndicate or similar account shall be distributed to such member by the broker, dealer or municipal securities dealer handling such order within 10 calendar days following the date the issuer delivers the securities to the syndicate.

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\* Underlining indicates new language; strikethrough denotes deletions.

(k) - (l) No change.

\* \* \* \* \*

### Rule G-32: Disclosures in Connection with Primary Offerings

(a) No change.

(b) Underwriter Submissions to EMMA.

(i) No change.

(ii) Advance Refunding Documents. If a primary offering advance refunds outstanding municipal securities and an advance refunding document is prepared, each underwriter in such offering ~~shall~~, is required to provide access to such information by all market participants at the same time by submitting, no later than five business days after the closing date, ~~submit:~~

(A) the advance refunding document to EMMA; and

(B) all information required to be submitted by Form G-32 relating to the advance refunding document as required under subsection (b)(vi) of this rule and as set forth in the EMMA Dataport Manual.

(iii) – (vi) No change.

(c) Preparation of Official Statements By ~~Financial-Municipal~~ Advisors. A ~~broker, dealer or municipal securities dealer that, acting as financial advisor,~~ municipal advisor that prepares an official statement on behalf of an issuer with respect to a primary offering of municipal securities shall make the official statement available to the managing underwriter or sole underwriter in a designated electronic format promptly after the issuer approves its distribution.

(d) No change.

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### Appendix A [Proposed NIIDS Data Points for Inclusion on Form G-32](#)

**ALPHABETICAL LIST OF COMMENT LETTERS ON NOTICE 2018-15 (JULY 19, 2018)**

1. Acacia Financial Group, Inc.: Letter from Noreen P. White, Co-President, and Kim M. Whelan, Co-President, dated September 17, 2018
2. Bond Dealers of America: Letter from Mike Nicholas, Chief Executive Officer, dated September 17, 2018
3. C F I: Email from Stephen Holstein dated July 25, 2018
4. Ehlers Associates, Inc.: Letter from Steve Apfelbacher dated September 17, 2018
5. Government Finance Officers Association: Letter from Emily S. Brock, Director, Federal Liaison Center, dated September 19, 2018
6. National Association of Municipal Advisors: Letter from Susan Gaffney, Executive Director, dated September 18, 2018
7. National Federation of Municipal Analysts: Letter from Julie Egan, NFMA Industry Practices and Procedures Chair, and Lisa Washburn, NFMA Industry Practices and Procedures Co-Chair, dated September 17, 2018
8. Public Resources Advisory Group: Letter from Marianne F. Edmonds dated September 18, 2018
9. Securities Industry and Financial Markets Association: Letter from Leslie M. Norwood, Managing Director and Associate General Counsel, dated September 17, 2018
10. U.S. Securities and Exchange Commission, Office of the Investor Advocate: Letter from Rick A. Fleming, Investor Advocate, dated September 17, 2018



6000 Midlantic Drive  
Suite 410 North  
Mount Laurel, NJ 08054

(856) 234-2266 Phone  
(856) 234-6697 Fax

**September 17, 2018**

**VIA ELECTRONIC MAIL**

Mr. Ronald W. Smith  
Corporate Secretary  
Municipal Securities Rulemaking Board  
1300 I Street, NW Suite 1100  
Washington, DC 20005

**RE: MSRB Notice 2018-15**

Dear Mr. Smith:

Acacia Financial Group, Inc. ("Acacia") is a national municipal advisory firm that serves a wide range of municipal bond issuing clients including high profile issuers, local small issuers and infrequent issuers. We appreciate the opportunity to comment on MSRB Notice 2018-15 related to Primary Offering Practices.

Acacia is fully supportive of the need for intelligent regulation of the municipal marketplace and in creating a thoughtful regime for municipal advisors. We would like to emphasize that all new regulations should look at the rationale behind the rule and to gauge if there is still a need for the rule or if the markets, particularly in the wake of Dodd-Frank, have impacted the roles of the key players in the marketplace. Lastly, Acacia feels it is important to fully address the economic costs associated with the imposition of new rules on the municipal advisory community which is largely composed of small firms.

First, we support the comment letter provided to the MSRB by the National Association of Municipal Advisors and would like to emphasize several points made in that letter.

***Requirement to Provide the Official Statement to the Underwriter***

We believe the MSRB's proposal to require a municipal advisor to provide the official statement to the underwriter is unnecessary and this *requirement should be removed from broker dealer municipal advisors in order to ensure parity under the rules.*

Our first concern is there is no clear definition as to what constitutes preparation of an official statement. It is important to recognize that some municipal advisors assist in the preparation and may be the scribe, however, the issuer ultimately maintains practical control over their document. At the time of the initial rule, there may have been market dynamics that prompted the MSRB to implement this rule, however, we respectfully submit the advances in technology and the increased focus of issuers on maintaining custody of their offering documents should prompt the MSRB to retract this requirement. As stated in the NAMA letter, **"We are unaware of any problems with underwriters receiving the OS and believe the MSRB should review its rules not just to see where they can unilaterally apply current dealer-MA rules to all MAs, but**



**whether or not in this new regulatory environment, the original dealer-MA rules (such as Rule G-32(c)) make sense today or, as we suggest should instead be altogether withdrawn.”**

*It should be noted that there is no requirement for any issuer to use the services of a municipal advisor. The MSRB has broadly assumed it can impose regulations on advisors and that it will not impact an issuer's decision to use a municipal advisor. Nothing could be further from the truth, as issuers will not seek the services of an advisor if by doing so, it will potentially cost them additional monies or threaten the successful execution of a transaction. Again, we believe this requirement is unnecessary and will be costly to implement from a compliance perspective.*

Our concerns with respect to the proposed changes are as follows:

- Market efficiencies and market transparency are not enhanced by this proposal. ***The regulatory imbalance between non-dealer municipal advisors and dealer municipal advisors is a red herring most easily remedied by removing the responsibility of providing the official statement from dealer municipal advisors.*** Acacia believes the market is better served by allowing issuers to retain the responsibility for the dissemination of their offering documents.
- Cost Impacts. Removing the requirement from broker dealer MAs would result in ***cost savings*** to this segment of the MA community and it would not impose additional costs on independent MAs. ***This one simple change will remove the regulatory imbalance while improving the efficiency of the marketplace by having the responsibility rest with the owner of the disclosure document, the issuer.***
- Requiring a municipal advisor to distribute the official statement begins to blur the lines between broker dealer activity and municipal advisory activities. The rule was written at a different time and when there was no clear definition of a municipal advisor. We believe Dodd-Frank has irrevocably changed the landscape and new rules should acknowledge this change.
- Finally, the MSRB provides no statistics or factual data that this change will improve efficiency in the marketplace.

Thank you for this opportunity to provide our comments.

Sincerely:



Noreen P. White  
Co-President



Kim M. Whelan  
Co-President



1909 K Street NW • Suite 510  
Washington, DC 20006  
202.204.7900  
www.bdamerica.org

September 17, 2018

**Submitted Electronically**

Ronald W. Smith  
Corporate Secretary  
Municipal Securities Rulemaking Board  
1300 I Street NW  
Washington, DC 20005

**RE: Request for Comment on Draft Amendments to MSRB Rules  
on Primary Offering Practices**

Dear Mr. Smith:

On behalf of the Bond Dealers of America (“BDA”), I am pleased to submit this letter in response to the MSRB’s Notice 2018-14 (the “Notice”): Request for Comment on Draft Amendments to MSRB Rules on Primary Offering Practices. BDA is the only DC-based group representing the interests of securities dealers and banks exclusively focused on the U.S. fixed income markets. We welcome this opportunity to present our comments.

We have organized our comments in the order of the Notice.

**Rule G-11 Primary Offering Practices**

- *Free-to-Trade Wire*

As we discussed in our comments to the Concept Proposal (as defined in the Notice), the BDA supports the MSRB’s change to Rule G-11 to require a notification to all members of the syndicate that trading restrictions have been lifted. The BDA suggests, though, that the Rule not prescribe a free-to-trade wire, as industry custom changes from time and time. Accordingly, the BDA suggests that the MSRB change the wording of the Rule amendment to require such notification in any reasonable manner accepted and customary within the industry that notifies all syndicate members simultaneously.

- *Additional Information for the Issuer*

As in our comments in response to the Concept Proposal, the BDA encourages the MSRB to require the additional information to be provided to issuers upon request. The BDA also encourages the MSRB, the GFOA and others to provide education to issuers concerning the additional information that is available to them upon request. Many issuers do not need or want this information.

- *Alignment of the Timeframe for the Payment of Group Net Sales Credits with the Payment of Net Designation Sales Credits*

As we did in our comments to the Comment Proposal, the BDA supports this Rule change.

### **Rule G-32 – Disclosures in Connection with Primary Offerings**

- *Equal Access to the Disclosure of the CUSIP Numbers Refunded and the Percentages Thereof*

As in our comments to the Concept Proposal, the BDA supports the proposed changes to Rule G-32(b)(ii) to require access to this information by all market participants at the same time. We do note, however, that this requirement will be of less significance than it was at the time of the Concept Proposal given the tax law changes that eliminated advance refundings.

- *Whether Non-Dealer Municipal Advisors Should Make the Official Statement Available to the Managing or Sole Underwriter After the Issuer Approves it for Distribution*

As in our comments to the Concept Proposal, the BDA supports this rule change.

- *Additional Data Fields on Form G-32 Auto-Populated From NIIDS*

The BDA does not object to any of the data fields proposed to be auto-populated from NIIDS. The BDA does not recommend that the MSRB auto-populate any additional information from NIIDS into Form G-32.

- *Additional Data Fields on Form G-32 Not Auto-Populated From NIIDS*

The BDA objects to some of the new data fields as either unnecessary or overly burdensome. Here are our views of the various new proposed data fields:

- Ability for minimum denomination to change. The BDA supports this new data field because it will prevent the perception that municipal

securities trading at a minimum denomination at the time of the issuance of the municipal securities is necessarily lower than the then-effective minimum denomination.

- Additional syndicate managers. The BDA objects to this new data field. This new information would not assist any market participant and, especially for large issuances, can impose new burdens on underwriters.
- Full call schedule. The BDA objects to this new data field because it is unnecessary and will add burdens to underwriters. The call terms of a municipal security are part of the information that dealers communicate to investors at the time of trade. A full call schedule will not assist market participants and will just require underwriters to complete more information, which for some issuances is a significant amount of data.
- Legal entity identifiers. The BDA objects to this new data field because it is not easily obtainable in almost all instances. Right now, underwriters do not have public access to information that would readily reveal this information and would require underwriters to spend the time to determine if the municipal issuer or borrower has an LEI and confirm the number. We do not believe that the market benefits from access to this number and, in any event, any benefits would not outweigh the burdens to underwriters.
- Name of obligated person(s). The BDA supports the inclusion of this data field.
- Percentage of CUSIP numbers refunded. The BDA objects to the inclusion of the data field as this information is both unnecessary and not meaningful. For holders of refunded bonds, what is important is what portion of a particular CUSIP has been refunded. The percentage of CUSIPs across an issuance of municipal securities is of no value to investors and other market participants. This will require a unique calculation to be performed on each partial refunding and thus would present a new burden to underwriters.
- Name of municipal advisor. The BDA objects to this data field. The information is obtainable from the final official statement and does not represent valuable information in the secondary market trading of municipal securities.

Thank you for the opportunity to provide these comments.

Sincerely,

A handwritten signature in blue ink that reads "Mike Nicholas". The signature is written in a cursive style with a prominent initial "M".

Mike Nicholas  
Chief Executive Officer

## Comment on Notice 2018-15

from Stephen Holstein, C F I

on Wednesday, July 25, 2018

Comment:

My name is Stephen Holstein. I've been buying municipal bonds, to the degree possible, in the primary market since the 1980s.

While I readily admit that I have not read the proposals of the MSRB, with regard to new municipal bond issues, I wish to address a problem that I find as a municipal bond buyer.

I trust the MSRB would agree with me that it is the best interest of the markets that the broadest possible array of buyers have real access to this market.

I have experienced the inability to purchase bonds from entities in which I am a ratepayer or taxpayer because of what I would call designer scales and what I assume to be pre-sold bonds.

More and more I see bond offerings in the original issue market which display characteristics that indicated to me that there has been a scale arranged for the benefit of certain institutions or one certain institution.

For example: when I see a scale which shows 5% coupons on bonds ranging from 2022 to 2047 at various premiums, in my view that scale was created for a particular institution which will take all or most of the bonds.

If we wish the widest possible distribution with the greatest number of possible buyers of municipal bonds this practice tends to discourage that goal.

I hope the MSRB is either addressing my concern in this notice, or will address it in future rule making activities.



September 17, 2018

Mr. Ronald W. Smith  
 Corporate Secretary  
 Municipal Securities Rulemaking Board  
 1300 I Street, NW Suite 1100  
 Washington, DC 20005

**RE: MSRB Request for Comment: Preliminary Offering Practices**

Dear Mr. Smith:

Ehlers Associates, Inc., a registered Municipal Advisor, does not believe the rule requirement for all municipal advisors that “prepare” Official Statements for their clients make the OS available to managing/sole underwriter is necessary for the following reasons:

- This rule was originally described in the August 1985 MSRB Volume 5, Number 5, REPORTS newsletter as follows:

“The Board has adopted these provisions (G-32 disclosures are printed in final form when using a regulated financial advisor no later than two business days prior to the date the securities are delivered by a manager to the syndicate members) because it understands that many dealers settle their customer transactions on the day the securities are delivered to the syndicate. It, therefore, concluded that it was necessary to specify these printing deadlines to facilitate compliance with the rule by these dealers.”

While there was a good reason in 1985 to require an OS be provided by the regulated financial advisor two days ahead, we no longer have these printing constraints. This a good time to evaluate the original need for the rule and conclude this requirement is longer needed. Continuing this requirement also results in an economic cost to small firms for which there appears to be no market benefit.

- Not all issuers use a Municipal Advisor which will results in rule requirement that cannot be consistently applied in every municipal transaction.
- There is no clear definition on what is meant by “preparation of the OS”. Municipal Advisors may assist with parts of the OS or only review portions of the OS. Where is the line for these types of client engagements that would require the municipal advisor to make the OS available?

Thank you for your efforts to solicit comments on the topic before you make a final decision.

Sincerely,



Steve Apfelbacher























































