

- Would the concept proposal further the MSRB's objective of protecting individual investors?

YES

- Would a requirement to deliver a municipal securities educational document further the MSRB's goal of educating individual investors regarding the features and risks of investing in municipal securities?

YES

- Do dealers currently deliver educational documents to individual investors regarding municipal securities?

The ones I have been associated with do. When I ran the WaMu Fixed Income trading desk, we required our reps to have these informational brochures available.

- If so, have such educational documents proven effective in educating individual investors regarding the features and risks of municipal securities?

Only if the client took them and actually read them.

- Would the proposal to have a municipal securities principal approve all new individual investor online accounts prior to executing municipal securities transactions further the MSRB's goal of investor protection?

To a point, yes. There would need to be a 'requirement' for the 'new client' to attest that they have read and understand the educational documents prior to any trades being allowed.

- Would the proposal to require electronic brokerages to enhance their written supervisory procedures by specifically addressing how they determine whether a transaction is recommended further the MSRB's goal of investor protection?

No. Most "Electronic Brokerages" do not 'recommend' anything. They only offer the capability for individual investors to buy and sell at the individual's discretion. "Unsolicited trades"

- Would the proposal to require electronic brokerages to enhance their written supervisory procedures by specifically addressing how they satisfy their obligation to deliver material information regarding municipal securities transactions to individual investors further the MSRB's goal of investor protection?

YES.

- Would the proposal to require electronic brokerages to enhance their written supervisory procedures by specifically addressing how they satisfy their fair pricing obligations further the MSRB's goal of investor protection?

No. Most "Electronic Brokerages" use an ECN, so unless there are more stringent requirements placed on the ECN's, requiring the brokerages to do so would only leave them subject to violations that they cannot address.

- Are there other obligations that the MSRB should consider in order to protect individual investors who purchase and sell municipal securities online?

YES. Require that all Municipal Securities be sold via a municipal specialist at the brokerage firm, and that the firm require that specialist contact the individual client to verify that they understand what the bond does and what it does not do.

- Would a requirement to qualify individual investors (other than through a suitability analysis) to purchase municipal securities through an electronic brokerage further the MSRB's goal of protecting such investors?

Absolutely! IF a requirement similar to the "Options" agreement were required, that might further help the brokerage firms ascertain the knowledge of the investor.

- Would a requirement to deliver online training to individual investors who purchase municipal securities online further the MSRB's goal of protecting such investors?

Maybe. It depends on whether or not completion of that training was required to be proven prior to initiating any trades.

- Do dealers currently deliver training, whether online or otherwise, to individual investors regarding municipal securities?

Yes in the firms I have been associated with, however only at the reps request.

- If so, has such training proven effective in educating individual investors regarding the features and risks of municipal securities?

Usually. It depends on the ability of the rep to explain the complexities to the investor.

- Should electronic brokerages that only effect transactions in municipal fund securities be treated differently from or the same as electronic brokerages that effect transactions in municipal bonds and notes?

Absolutely, they should be treated like any other firm that transacts in "packaged product". The structure of "Municipal Fund Securities" makes them a mutual fund, not a true municipal security.

- Would any aspects of the concept proposal have a negative effect on the protection of investors and the public interest, or on the fair and efficient operation of the municipal market? If so, please describe in detail.

Maybe, it would depend on whether or not it dissuades investors from investing in Municipal Securities. It will definitely make it harder for lawyers to sue though, since the investor would have to attest to their knowledge, and since most "electronic brokerage firms" are NOT recommending any security, they could not easily claim "miss-leading statements" were used.

As for the "Fair and Efficient" operation of the municipal market, I do not see how it would affect them more or less than they already are. The ECN's are actually hurting the market more than they are helping it due to the limited amount of information available on them, and the illusion that there is a "Market" price with which to buy and sell a municipal security.

- What would be the incremental additional burden to electronic brokerages to institute the provisions of the concept proposal, beyond the burden of compliance with existing applicable requirements as described in this concept release?

IF it was a requirement that they get an investors attestation that they have read and understand the educational materials, the burden would be on how to gather, store, and apply that information to the accounts affected.

- Are there alternative methods the MSRB should consider to providing the protections sought under this concept proposal that would be more effective and/or less burdensome?

There are other methods, like the ones suggested in the above answers to your questions. Less burdensome??? Doubtful. The problem comes down to the basic fact that invariably an investor will say one thing to be able to invest in a product, and then IF the product doesn't perform the way the investor thought it should, they'll claim that they were miss-lead. Add this axiom to the other axiom that lawyers will always be trying to find clients who 'think' they were miss-lead, and you have a similar situation as we have now. IF there were some way to ensure that the additional training were completed, and required and attestation or online course completion tracking system, this will have little effect on educating the individual investor.