

May 16, 2014

Mr. Ronald W. Smith  
Corporate Secretary  
Municipal Securities Rulemaking Board  
1900 Duke Street, Suite 600  
Alexandria, VA 22314

Re: Request for Comment on Establishing Professional Qualification Requirements  
for Municipal Advisors: MSRB Regulatory Notice 2014-08

Dear Mr. Smith:

Zions First National Bank (“Zions Bank”) appreciates this opportunity to provide comments to the Municipal Securities Rulemaking Board (“MSRB”) pertaining to proposed changes to Rules G-1 and G-3 regarding establishing professional qualification requirements for municipal advisors (the “Proposed Rules”).

We note that the Proposed Rules delete the following text from current Rule G-1(b)(2) and current Rule G-3(b)(i)(B):

“financial advisory and consultant services for issuers in connection  
with the issuance of municipal securities”.

With respect to Rule G-1, the language that has been proposed to be deleted currently defines permitted dealer activities of a separately identifiable department or division of a bank (“SID”). With respect to Rule G-3, the language that has been proposed to be deleted currently defines the activities of a “municipal securities principal.” The justification provided in the Proposed Rules for removal of the referenced language from the Proposed Rules is that the activities described in the referenced language “may not be performed by a broker, dealer or municipal securities dealer (dealer) without registering as a municipal advisor.” We would like to comment on the possible ramifications of these deletions.

We reiterate our appreciation and support for efforts to ensure that municipal issuers are dealt with fairly and competently in all of their financial transactions. We reject the notion that each segment of a municipal finance transaction is separate and distinct from all other segments and is therefore best serviced separately by participants who have experience and expertise only in that particular segment. The reality is that all segments of a municipal finance transaction are interrelated and are best handled by participants having a breadth of experience and knowledge in all of them.

Thus we believe that municipal clients are served more adequately and competently by participants who have a breadth of knowledge and experience in every aspect of municipal finance. Accordingly, we believe that the proposed changes to Rule G-1 and Rule G-3 should not be interpreted or applied in any way that would preclude a bank with a breadth of experience in providing a broad range of financial and banking services to its municipal banking clients, from serving those municipal clients as a bank, as an underwriter, as a municipal securities dealer, or as a registered municipal advisor, either through a separately identifiable department or division of the bank (“SID”), or through an affiliate, provided that the bank and its affiliates comply with Rule G-23 by not serving as municipal advisor and also performing any underwriting activity in the same transaction.

We believe this position is consistent with, and reflected in, the language of the adopting release of the Securities and Exchange Commission (“SEC”) relating to its final municipal advisor registration rules (SEC Sec. Rel. 34-70462) (the “MA Release”), which clearly permits “a SID that meets the requirements of the rule [Rule 15Ba1-1(d)(4)] to register as a municipal advisor instead of the bank” (page 247 of the MA Release). The MA Release states that the SEC “believes that permitting SIDs to register instead is in the public interest in that it will ensure that municipal entities and obligated persons receive the regulatory protection intended by the statute while not imposing the burdens of the municipal advisor regulatory regime (i.e., the programmatic, registration, and recordkeeping costs discussed throughout the economic analysis) on the bank as a whole” (page 562, fn 1903 of the MA Release). Rule 15Ba1-1(d)(4) specifically provides for SID designation and registration as a municipal advisor.

A municipal securities principal should be able to choose to engage in “financial advisory and consultant services for issuers in connection with the issuance of municipal securities” in connection with its business model and the services it may determine to offer to its clients if it registers as a municipal advisor.

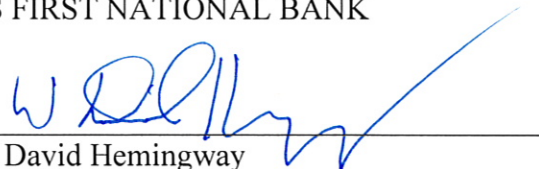
We would welcome an opportunity to discuss this issue further. We hope our comments will provide additional context and insight into an important and challenging issue.

If you have any questions concerning this letter or would like to discuss these observations further, please feel free to contact Gary Hansen at Zions First National Bank, Investment Division, One South Main, 17<sup>th</sup> Floor, Salt Lake City, Utah 84133; Telephone: 801-844-7762; E-Mail: [Gary.Hansen@zionsbank.com](mailto:Gary.Hansen@zionsbank.com). We would welcome the opportunity to talk with you.

Very truly yours,

ZIONS FIRST NATIONAL BANK

By

  
W. David Hemingway  
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