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December 8, 2014

VIA ELECTRONIC MAIL

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

RE: MSRB Regulatory Notice 2014-18: Request for Comment on Draft Amendments to MSRB Rule G-20, on Gifts, Gratuities and Non-Cash Compensation, to Extend its Provisions to Municipal Advisors (October 23, 2014)

Dear Mr. Smith:

On behalf of the Bond Dealers of America ("BDA"), I am pleased to submit this letter in response to Municipal Securities Rulemaking Board ("MSRB") Regulatory Notice 2014-18 (the "Notice"), requesting comment on draft amendments to MSRB Rule G-20 on gifts, gratuities and non-cash compensation to extend its provisions to municipal advisors. BDA is the only DC based group representing the interests of middle-market securities dealers and banks focused on the United States fixed income markets and we welcome this opportunity to present our comments on this Notice.

The BDA generally supports extending the provisions in Rule G-20 regarding gifts, gratuities and non-cash compensation to municipal advisors and applying recordkeeping requirements to municipal advisors to which dealers already adhere. Dealers already have long-standing compliance programs in place which cover similar pay-to-play requirements to those in the Notice and we appreciate that previously unregulated municipal advisors will now fall under the same regulatory umbrella. Extending Rule G-20 to municipal advisors would promote a level-playing field in the marketplace and serve as an appropriate balance of consistency in regulation between dealers and municipal advisors. The draft amendments should also serve to decrease actual and perceived inappropriate gift-giving and result in more transparency among all market participants, promoting further investor protections and increasing the transparency and integrity of the municipal market.

However, we have some concerns regarding certain language contained within the proposed amendments. We are concerned that the provision prohibiting reimbursement of entertainment expenses leaves too much room for interpretation and lacks clarity regarding the type of expenses that constitute "entertainment expenses" versus expenses that constitute "normal and necessary meals" and "normal travel costs." We suggest that meals with clients are generally a standard part of travel and should be treated separately from things like event tickets, which are clearly entertainment. Alternatively, should the MSRB decide not to identify the clarification in the rule, the BDA requests that the MSRB consider crafting interpretive guidance to clarify this issue. We encourage the MSRB to utilize the BDA for assistance in providing and addressing certain types of examples of scenarios which may present themselves in a real world transaction.

Additionally, the BDA disagrees with the approach under the draft amendments that establishes different recordkeeping requirements for non-dealer municipal advisors than those for dealers. We suggest that the draft amendments to MSRB Rule G-9 regarding recordkeeping requirements should be the same for non-dealer municipal advisors and broker dealers. We do not see a logical reason for the difference in record retention timeframes for dealers and municipal advisors. Two different sets of recordkeeping requirements will only create confusion for compliance officers and examiners by setting two different standards. Therefore, we encourage the MSRB to either reduce the dealer recordkeeping requirement to five years for dealer firms or extend the same requirement for maintenance of records to six years for municipal advisors.

Thank you again for the opportunity to submit these comments.

Sincerely,

A handwritten signature in blue ink that reads "Michael Nicholas". The signature is written in a cursive, flowing style.

Michael Nicholas
Chief Executive Officer