

June 29, 2017

**Submitted Electronically**

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

**RE: Second Request for Comment on Draft Amendments to and Clarifications of MSRB Rule G-34, on Obtaining CUSIP Numbers**

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 second request for comment on proposed draft amendments (“Draft Amendments”) to MSRB Rule G-34 on obtaining CUSIP numbers. As we describe in more detail in this letter, the BDA strongly supports the changes to the Draft Amendments and suggests a few modifications.

**The BDA supports the changes in the second request for comment**

The BDA appreciates the changes that the MSRB has made to the Draft Amendments and the MSRB’s receptivity to the comments that we and other market participants submitted. In particular, the BDA very much supports the new exemptions when a bank is directly purchasing municipal securities, the assignment of the responsibility to obtain CUSIP numbers to the municipal advisor in competitive sales<sup>1</sup>, and the discussion that the Draft Amendments will only be prospective in effect. The BDA believes that these changes are crucial to retaining the placement role in direct purchases, ensuring a level playing field between placement agents and municipal advisors, and ensuring that dealers do not need to retroactively evaluate transactions based on the Draft Amendments.

**BDA would like some clarification of the bank exemption**

The BDA believes that two clarifications are needed in the new provisions in the Draft Amendments exempting direct purchases by banks from the CUSIP and depository eligibility requirements. First, our read of the Draft Amendments is that these exemptions would apply to transactions where there is more than one bank, but we believe a clarification to that effect would help. We believe that the MSRB intended the words “consortium of banks” to mean that a new issue that is purchased by multiple banks would still fall within the exemption. Frequently, direct purchases are

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<sup>1</sup> While we support a level playing field between placement agents and municipal advisors, we reiterate our concern that non-dealer municipal advisors should not engage in the broker-dealer activity of placement agent.

purchased by more than one bank and the BDA believes that the Draft Amendments should clarify that the exemption for direct purchases still apply when more than one bank participates.

In addition, several direct purchase transactions are not technically purchased by banks but instead by their non-bank affiliates. Several banks negotiate direct purchase transactions but then place the bonds into one of its non-bank affiliates. As long as a bank is negotiating the direct purchase transaction, the BDA believes that this exemption should be broad enough to cover transactions in which one of the affiliates of the bank purchases the bonds and we would encourage the MSRB to consider this scenario as one that would be included in the exemption.

**The BDA believes that the MSRB should not refer directly to CUSIP but to any identification number widely accepted in the municipal securities market.**

The BDA supports the comments by other commentators that Rule G-34 should not directly require the assignment of a CUSIP number but instead should incorporate a broader concept. Based on input we have received from our members and others in the municipal securities market, other providers of securities identification numbers may be willing to compete with the CUSIP if they were equally accepted under legal regulations. Thus, by specifically requiring CUSIP numbers, the MSRB may have the unintended effect of preventing competition in this area. We encourage the MSRB to incorporate broader language in this and all of its rules (and associated guidance), which would embrace the potential for future securities identification numbers to emerge in the municipal securities market.

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Thank you for the opportunity to provide these comments.

Sincerely,



Mike Nicholas  
Chief Executive Officer