



May 27, 2021

Mr. Ronald Smith  
Corporate Secretary  
Municipal Securities Rulemaking Board  
1300 I Street NW, Suite 1000  
Washington, DC 20005

**Re: Request for Comment on Application of Regulation Best Interest to Bank-Dealers (2021-06)**

Dear Mr. Smith:

The American Securities Association (ASA)<sup>1</sup> appreciates this opportunity to comment on the Municipal Securities Rulemaking Board's (MSRB) proposal to amend MSRB rules to harmonize standards of conduct for bank dealers with the Securities and Exchange Commission's (SEC) Regulation Best Interest (Reg BI), which went into effect on June 30, 2020 (Proposal).

The ASA has strongly supported Reg BI, which was finalized by the Securities and Exchange Commission in June 2019. Reg BI is a strong national standard that includes significant investor protections and establishes clear rules for broker-dealers, without crippling business models that have served investors well for years. Having a national standard has become increasingly important given efforts by certain states to undermine Reg BI by adopting their own conflicting standards which confuse investors, increase costs, and reduce access to advice.

Reg BI requires broker-dealers to consider several factors when providing advice and making recommendations to retail investors. This includes considering the potential risks, rewards, and costs associated with recommendations, and a prohibition against a broker putting their own interest ahead of their clients. Reg BI raises the bar for the entire broker-dealer industry and will prevent bad actors from taking advantage of vulnerable investors.

The adoption of Reg BI requires MSRB to align its rules with the new national standard. In 2020, the SEC approved a number of MSRB proposals to align rules G-8, G-19, G-20, and G-48 for broker-dealers when interacting with retail customers.<sup>2</sup> The Proposal would further amend MSRB Rule G-19 regarding suitability to align Reg BI with standards that apply to bank dealers (defined as a municipal dealer that is a bank or a separate department or division of a bank). While technical in nature, the Proposal will reduce regulatory confusion for municipal dealers and further establish Reg BI as the national standard for broker-dealers and bank dealers.

<sup>1</sup> The ASA is a trade association that represents the retail and institutional capital markets interests of regional financial services firms who provide Main Street businesses with access to capital and advise hardworking Americans how to create and preserve wealth. The ASA's mission is to promote trust and confidence among investors, facilitate capital formation, and support efficient and competitively balanced capital markets. This mission advances financial independence, stimulates job creation, and increases prosperity. The ASA has a geographically diverse membership of almost one hundred members that spans the Heartland, Southwest, Southeast, Atlantic, and Pacific Northwest regions of the United States.

<sup>2</sup> Approval Order for the MSRB Broker-Dealer Filing (June 25, 2020)





**american securities association**

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The ASA appreciates the work by the MSRB in the Proposal to align their rules with the SEC and Financial Industry Regulatory Authority's (FINRA) when possible so that broker-dealers are not subject to multiple standards. We thank the MSRB for advancing this Proposal and look forward to working with the Board to ensure that Reg BI meets its intended goals.

Sincerely,

Christopher A. Iacovella  
Chief Executive Officer  
American Securities Association



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