

To: MSRB

From: H. Deane Armstrong

CCO, Regional Brokers, Inc.

Re: Minimum Denomination Bonds

Currently, MSRB rules require that if Dealer A acquires a bond of below minimum denomination from Dealer B, that the Dealer B must receive a letter from Dealer A asserting that the position was a “takeout” position from their customer.

Regional Brokers, Inc., as a Municipal Securities Broker’s Broker (MSBB) is asking for guidance as to its responsibilities regarding trades of this type that may occur with RBI acting as the intermediary party.

While RBI has been willing to write a letter to Dealer B, upon receipt of a letter from Dealer A, it is difficult for RBI to depend on the compliance of the selling firm, as it may be difficult for the buying firm to depend on the compliance of RBI.

Would the MSRB be willing to extend a waiver of the letter requirement for MSBBs, as this seems to be where most of the small pieces are ending up; as Bid Wanted items.