



George K. Baum & Company

INVESTMENT BANKERS SINCE 1928

March 31, 2017

Submitted Electronically

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

RE: MSRB Regulatory Notice 2017-05, Request for Comment on Draft Amendments to and Clarifications of MSRB Rule G-34, on Obtaining CUSIP Numbers

Dear Mr. Smith:

On behalf of George K. Baum & Company ("GKB" or the "Firm"), we are pleased to submit this letter in response to the MSRB's Regulatory Notice 2017-05 (the "Notice") requesting comments on proposed amendments (the "Draft Amendments") to Rule G-34 on obtaining CUSIP numbers. To help put our response in context, GKB is a broker dealer whose principal business is municipal finance. Our Firm provides a multitude of services to our clients, both municipal entities and obligated persons, including underwriting and private placement services and municipal advisory services. When serving in an underwriting capacity, our principal bond distribution network is to institutional investors. We also have a relatively small retail distribution capacity. When serving in a private placement capacity, we facilitate the private sale of municipal securities by our municipal entity and obligated person clients directly to institutional investors, including banks, who expressly agree in writing that they are purchasing the securities with the intention of holding them and with no view to distribution.

Please also note that our Firm is a member of the Bond Dealers of America ("BDA") and the Securities Industry and Financial Markets Association ("SIFMA"). Both the BDA and SIFMA are submitting separate comment letters in response to the request for comment Draft Amendments. GKB approves, endorses and supports all of the comments and suggestions being provided by the BDA and by SIFMA in their respective comment letters. In particular, GKB urges that the following provisions in the Draft Amendments be revised.

Incorporate a Private Placement Exemption Similar to that Set Forth in SEC Rule 15c2-12(d)(1)(i)

GKB urges the MSRB to provide an express exemption from the requirements of Rule G-34(a) for any private placement of municipal securities to a limited number of purchasers, including but not limited to banks, whom the underwriter or placement agent reasonably believes (a) have such knowledge and experience in financial and business matters that they are capable of evaluating the merits and risks of the prospective purchase, and (b) they are not purchasing for more than one account or with a view to distributing the securities. Including an exemption for private placements to limited number of such sophisticated purchasers would be consistent with the salient features of the limited offering exemption under SEC Rule 15c2-12(d)(1)(i). As noted by the BDA in its comment letter, in such limited offerings, issuers, dealers and purchasers need to ensure that the municipal securities are not being purchased for

the purpose of distribution. That goal and objective would be furthered by not requiring that a CUSIP number be obtained for the municipal securities in a limited offering. Indeed, as noted by SIFMA in its comment letter, requiring placement agents to obtain CUSIP numbers for private placements meeting those criteria will merely add additional costs to the issuer, with questionable benefit, if any, to the purchaser.

GKB supports the BDA's proposed approach for accomplishing the limited private placement exemption through a revised definition of the term "underwriter" for purposes of Rule G-34, and urges the MSRB to adopt that proposed definition, as follows:

"The term "underwriter" shall mean (a) with respect to any issue of municipal securities that is exempt from Rule 15c2-12 under paragraph (d)(1)(i) and sold to not more than five persons, any broker, dealer or municipal securities dealer who purchases a new issue of municipal securities from the issuer, as a principal, with a view to and for the purpose of reselling such new issue; and (b) with respect to any issue of municipal securities other than an issue described in clause (a) of this definition, an underwriter as defined in Securities Exchange Act Rule 15c2-12(f)(8)."

Correspondingly, we also recommend that the clause contained in the parenthetical in (a)(i)(A) of the Draft Amendments, stating "(which includes a placement agent)", should be deleted.

Prospective Application Only

GKB urges the MSRB to state clearly and unequivocally that the changes to Rule G-34 set forth in the Draft Amendments, in whatever final revised form, shall be applied only prospectively. We agree with the MSRB's statements in the Notice that the current version of Rule G-34(a) has led to questions in the industry – quite appropriately, we believe – regarding whether the Rule as currently worded applies to direct purchase transactions in which a dealer acts as a placement agent. The current language in Rule G-34(a)(i)(A) expressly refers, in part, to "each broker, dealer or municipal securities dealer who acquires, whether as principal or agent, a new issue of municipal securities from the issuer of such securities for the purpose of distributing such new issue." (emphasis added) In a direct, private placement transaction, dealers do not purchase or "acquire" municipal securities "from the issuer;" the issuer sells the securities directly to the purchaser, who agrees in writing that it intends to hold the debt and not for the purpose of distribution. We respectfully submit that the plain meaning of the words used in the current version of Rule G-34(a)(i)(A), as highlighted above, leads to a reasonable interpretation that the Rule does not apply to or cover private placement transactions. The MSRB's views to the contrary, as set forth in the Notice, demonstrates and underscores the ambiguity inherent in the current Rule.

The MSRB's Draft Amendments incorporating private placements within Rule G-34(a)(i)(A), in whatever final form, whether or not characterized as only a clarification of existing language, certainly will expand the scope of the Rule. While clarity in any regulation is laudable and beneficial, a retroactive application of any such clarification would be fundamentally unfair. A revised Rule G-34 should not affect outstanding transactions completed under the current version of the Rule. GKB respectfully urges that the Draft Amendments be applied only prospectively.

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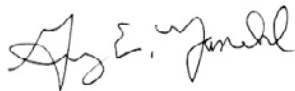
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Competitive Sales of New Issues

GKB supports the proposed Draft Amendment to G-34(a)(i)(A)(3), that would effectively level the playing field between dealer municipal advisors and non-dealer municipal advisors by requiring that *any* municipal advisor in a competitive sale must apply for a CUSIP number.

Thank you for the opportunity to submit these comments on the Draft Amendments.

Sincerely,



Guy E. Yandel
EVP & Co-Manager Public Finance



Dana L. Bjornson
EVP, CFO & Chief Compliance Officer



Andrew F. Sears
EVP & General Counsel