



Government Finance Officers Association  
660 North Capitol Street, Suite 410  
Washington, D. C. 20001  
(202) 393-8467

July 21, 2023

Mr. Ronald Smith  
Corporate Secretary  
Municipal Securities Rulemaking Board  
1300 I Street, N.W. Suite 1000  
Washington, D.C. 20005

**RE: MSRB Notice 2023-02 Request for Comment Regarding a Retrospective Review of the MSRB's Time of Trade Disclosure Rule and Draft Amendments to MSRB Rule D-15, On Sophisticated Municipal Market Participants**

Dear Mr. Smith:

The Government Finance Officers Association (GFOA) appreciates the opportunity to provide comments regarding the request for information that was included in MSRB Notice 2023-02. Specifically, we would like to address the definition of Sophisticated Municipal Market Professionals (SMMP) as part of MSRB Rule D-15.

Question #4 in the Notice asks ..... *“Given the role that municipal entities play in the municipal securities market and beyond, should the asset threshold be modified to potentially extend the protections afforded by Rule G-47 to more municipal entities (e.g., \$50 million specifically invested in municipal securities)?”*

As you are aware, municipal entities are not only issuers of municipal securities, but also may be investors of municipal securities.

The current definition of SMMP in Rule D-15 (and corresponding FINRA rules) states that one of the criteria that needs to be met for SMMP status is for the investor (or institutional account as noted in Rule D-15), to have \$50 million in assets. This is different than the language that was part of Rule G-47 and the definition of SMMP held prior to changes in 2012, where the threshold for one of the SMMP criteria was \$100 million in municipal securities investments.

The GFOA believes that the definition and SMMP criteria should be reinstated to the threshold prior to 2012: \$100 million in municipal securities investments. Many governments – including small governments - have a great deal of infrastructure and assets in place; however, that is not an indication of whether those entities are sophisticated investors.

We believe that this definition as it currently stands (governments with \$50M or more in assets) captures a vast audience of governments who should not be labeled SMMP and therefore a broader audience forfeits several layers of protections. Rule D-15 should be changed to better reflect whether an entity is likely a sophisticated investor based on criteria that directly corresponds to investing.

One of the MSRB's greatest roles is to protect issuers and investors. Keeping one of the criteria for the SMMP definition at \$50 million in assets, jeopardizes rather than enhances investor protections for municipal entities. By changing the definition to investible assets, the MSRB (and FINRA in corresponding rules) can avoid capturing a vast audience of governments that should not go without vital disclaimers, best execution standards, suitability standards and time of trade disclosures about their investments.

We would also like to mention that in this Notice, other concepts raised related to disclosures in limited private offerings. While disclosures are not required nor are they the responsibility of issuers in these transactions, we understand the concerns the MSRB has that these bonds could be sold in the secondary market to investors who are unaware of the agreement with the initial purchaser at the time of initial sale. GFOA supports efforts to ensure investors understand when disclosures may not be available.

Sincerely,

A handwritten signature in black ink that reads "Emily S. Brock". The signature is written in a cursive, flowing style.

Emily Brock  
Director, Federal Liaison Center

cc: Ms. Saliha Olgun, Interim Chief Regulatory Officer - MSRB  
Dave Sanchez, Director – Office of Municipal Securities, Securities and Exchange Commission