

ESTRADA • HINOJOSA

INVESTMENT BANKERS

September 30, 2010

Ms. Leslie Carey
Associate General Counsel
Municipal Securities Rulemaking Board
1900 Duke Street, Ste. 600
Alexandria, VA 22314

Re: Request for Comment on Rule G-23

Dear Ms. Carey:

The firm of Estrada Hinojosa & Company, Inc., headquartered in Dallas, Texas, a FINRA-registered broker/dealer subject to regulation by the Municipal Securities Rulemaking Board (“MSRB”), respectfully submits these comments for consideration in the proposed amendments to MSRB Rule G-23. We support a narrow amendment to prohibit a broker/dealer who serves as financial advisor to an issuer from performing the role of financial advisor on a specific debt offering up until the time the debt is to be offered for sale, and then resigning as financial advisor to underwrite the same issuance as a broker/dealer, regardless of disclosures made of such.

However, there are different scenarios, not uncommon among issuers across the country, where a broad amendment to G-23 could result in unintended consequences which can be very unfair to broker/dealers who engage in both financial advisory services and bond underwriting, as follows:

Scenario 1: Issuer, a major metropolitan city, owns and operates its own: (a) water and sewer system; (b) international airport system; (c) electric and gas utility; as well as customary municipal services and capital programs for which, (d) general obligation bonds can be issued. All of the enterprises listed above issue debt, which are obligations of the same, single issuer. Each of the enterprises is delegated the authority to select financial advisor and bond underwriters, but must bring each proposed transaction to the governing body of the city for approval. Enterprises a, b, c and d each engage a different financial advisor. The MSRB should not prohibit a broker/dealer who serves as financial advisor for “a” from competing to serve as underwriter for “c,” and vice versa.

Scenario 2: An issuer chooses to engage a financial advisor on a deal-by-deal basis instead of on a year-round basis, and rotates financial advisory work among a variety of firms, so that a broker/dealer firm may serve as financial advisor on the issuance of a bond Series 2010A, but not a subsequent bond Series 2010B, or 2010C, or 2010D. The MSRB should not prohibit a broker/dealer who serves as financial advisor on Series 2010A from competing to serve as underwriter for B, C, or D.

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Page 2 of 2

We appreciate the opportunity to comment on Rule G-23 and any additional guidance or inquiry resulting from your review of this letter. Please feel free to contact me at (214) 658-1670 with any questions or concerns.

Sincerely,



Robert A. Estrada
Chairman and Chief Compliance Officer

Cc: Mr. Noe Hinojosa, Jr., President & CEO
Mr. Tom Nolan, Managing Director
Mr. Jorge Garza, Managing Director
Mr. Larry Jordan, Managing Director
Mr. Adrian Galvan, Managing Director
Mr. Donald J. Gonzales, Managing Director