November 5, 2014

Ronald W. Smith, Corporate Secretary
Municipal Securities Rulemaking Board
1900 Duke Street, Suite 600
Alexandria, Virginia 22314

Re: MSRB Notice 2014-15 Draft Amendments to MSRB Rule G-37 to Extend its Provisions to Municipal Advisors

Dear Mr. Smith:

I appreciate the opportunity to provide comments to the Municipal Securities Rulemaking Board (MSRB) on the proposed amendments to MSRB Rule G-37, which would extend its provisions to municipal advisors.

These comments are informed by a background that includes, amongst other relevant experience, advising registered municipal advisors with respect to their compliance obligations and serving as general counsel to a municipal broker-dealer that was also registered as a municipal advisor.

Overall, the MSRB has done an excellent job adapting this very important rule to address practices by municipal advisors that involve corruption or the appearance of corruption, undermine the integrity of the municipal securities market, increase costs borne by issuers and investors, and create artificial barriers to competition amongst municipal advisors. The MSRB should continue to bear in mind that the business of being a municipal advisor and the business of being a dealer (or an investment adviser) is not identical and therefore there is no baseline reason to presume that common standards are required for dealers, municipal advisors and investment advisers.

This letter will begin with a few general comments about the proposed rule and then provide responses to selected questions posed by the MSRB. It will conclude with a few suggestions regarding the mechanics of rule compliance incorporated into the associated recordkeeping rules.

GENERAL COMMENTS

The MSRB should maintain the *de minimis* contribution limit of $250 and to the ban on contributions to candidates for whom the persons covered by such rule are not entitled to vote. Unlike some of the recent Supreme Court rulings on political contributions, G-37 is narrowly tailored to only affect persons who seek specific types of business with municipal entities and not citizens at large. For over two decades G-37 has proven to be an important tool in enhancing free and fair competition in the municipal securities market and regulated entities have generally supported its existing provisions and even called for it to be extended to bond ballot campaigns. Changing the contribution limits would also provide a distinct and unfair advantage to large financial services firms over smaller firms.

The MSRB should continue to enhance the searchability of Form G-37s submitted to the Board. One of the stated purposes of existing Rule G-37(e) is to promote public scrutiny of the contributions made by regulated entities. Proposed Rule G-37 requires the MSRB to "make public a copy of each Form G-37 received from any regulated entity. Although the MSRB has greatly improved the availability of these forms by making them available on EMMA, they are still not easily searchable and there is no ability for members of the public to search such forms by the name of a municipal entity, individual officials or by the name of a bond ballot campaign. Indeed, the MSRB still allows such forms to be submitted in paper. The MSRB currently has a sizeable surplus which even allowed them to refund fees. The MSRB should devote a portion of such funds to improving the ability of regulators and the public to scrutinize these political contributions by allowing searches to be conducted based on the name of a municipal entity, individual officials or by the name of a bond ballot campaign. This would greatly enhance the goal of transparency and public scrutiny which is at the core of Rule G-37.

RESPONSES TO SPECIFIC QUESTIONS POSED BY THE MSRB

4) Do commenters agree that the requirements of Rule G-37 have been effective in combating corruption or the appearance of corruption in connection with the awarding of municipal securities business to dealers?

Yes. The requirements of Rule G-37 have been effective in combating corruption or the appearance of corruption in connection with the awarding of municipal securities business to dealers? They have also promoted more free and fair competition amongst dealers. These requirements should be extended to municipal advisors.

5) Does the consolidation into a single rule of the "pay to play" provisions that apply to dealers and the draft provisions that would apply to municipal advisors aid in or detract from understanding the rule and the parallels between the "pay to play" regimes for dealers and municipal advisors?

The consolidation of these provisions into a single rule aids in understanding the rule and the parallels between the pay-to-play regimes. Although few of the rules of the MSRB should apply in a similar fashion to dealers and municipal advisors, Rule G-37 is one rule where largely common standards are appropriate.

8) Are the recordkeeping and disclosure requirements that apply to dealers in existing Rule G-37 and the analogous draft requirements that would apply to municipal advisors appropriately tailored to obtain and make publicly available information that is relevant for the purposes of Rule G-37? Are there additional costs or benefits to the recordkeeping or disclosure obligations that the MSRB should consider?

Certain of the recordkeeping requirements that will apply to both dealers and municipal advisors are more burdensome or confusing than necessary in order to achieve the regulatory purpose of Rule G-37 as discussed in more detail below. As noted above, the MSRB could improve the

functionality of the publicly available information without imposing any additional burden on regulated entities by improving the searchability of Form G-37 for regulators and the public.

9) What would be the effect of draft amended Rule G-37 for dealers that have instituted long-standing compliance programs? Do dealers anticipate that any of the possible changes to Rule G-37 may increase or decrease either the occurrence of, or the perception of, "pay to play" practices in the municipal securities market?

It appears that the proposed amended Rule G-37 would not affect long-standing compliance programs for dealers who are not municipal advisors (other than possibly requiring edits to policies and procedures to encompass new defined terms. Dealers who also function as municipal advisors should be able to easily amend existing compliance programs to accommodate the newly regulated activity because the fundamental operations of Rule G-37 are not different for municipal advisory activity.

14) Is the cross-ban applicable to dealer-municipal advisors in certain circumstances appropriate? Do commenters believe that a contribution from persons or entities associated with one line of business of a dealer-municipal advisory firm (i.e., the municipal securities or the municipal advisory line of business) and the awarding of business to the other line of business within the same firm constitute quid pro quo corruption or give rise to the appearance thereof?

Yes, the cross-ban is appropriate. Many individual persons in dealer-municipal advisory firms engage in both dealer and municipal advisory activity and even if they do not, the business lines can be very closely related. A contribution from persons or entities associated with one line of business of a dealer-municipal advisory firm (i.e., the municipal securities or the municipal advisory line of business) and the awarding of business to the other line of business within the same firm will usually constitute quid pro quo corruption or give rise to the appearance thereof.

SPECIFIC COMMENTS ON RECORDKEEPING REQUIREMENTS

MSRB Rule G-8(a)(xvi) and MSRB Rule G-8(h)(iii)

The MSRB should provide clarification as to whether Rule G-8(a)(xvi) (A) and (B) and MSRB Rule G-8(h)(iii) (A) and (B) require separate records to be maintained specifically for G-37 purposes since this information is already required to be maintained by other books and records requirements.

MSRB Rule G-8(a)(xvi) (J) and MSRB Rule G-8(h)(iii) (J)

Because the MSRB requires already requires dealers and is proposing to require municipal advisors to maintain copies of Form G-37 that are submitted, it should revise the rest of the books and records requirements associated with Rule G-37 to not require maintenance of

information that is included on that Form G-37. In addition, the MSRB should make clear that the availability of Form G-37 on EMMA satisfies this maintenance requirement.

Ideally, the bulk of the information otherwise required by Rule G-8(a)(xvi) and MSRB Rule G-8(h)(iii) would be included on Form G-37. Improvements to the design of Form G-37 coupled with elimination of much of the duplicative books and records requirements of MSRB Rule G-8(a)(xvi) and MSRB Rule G-8(h)(iii) would greatly reduce the regulatory burden on the thousands of dealers and municipal advisors subject to such requirements.

Finally, the MSRB should not allow the submission of paper versions of Form G-37 and delete the requirement to maintain certified or registered mail receipts.

MSRB Rule G-9 (h)(ii) and (iii)

These records should only be required to be maintained for five years. The extension of these requirements to six years is not supported by any regulatory purpose. The MSRB has not articulated any examination and enforcement purpose to support this longer timeframe, particularly because such longer timeframe is not tied to any statute of limitations applicable to municipal advisors who are not FINRA members. As such, these longer timeframes create confusion and an undue burden without any regulatory purpose.

I appreciate the opportunity to provide these comments. If you have any questions regarding these comments please feel free to contact me by phone at the number provided on the comment submission form.

Sincerely,

/s/

Dave A. Sanchez