



October 31, 2018

BY ELECTRONIC SUBMISSION

Ronald W. Smith
Corporate Secretary
MSRB
1300 I Street NW, Suite 1000
Washington, DC 20005

Re: Regulatory Notice 2018-22 Request for Comment on Draft Interpretive Guidance on Pennying and Draft Amendments to Exiting Guidance on Best Execution

Dear Mr. Smith,

The following comments are submitted in response to 2018-22. Founded in 1980, Amuni Financial, Inc. (AMUNI) is a full-service broker-dealer specializing in the sale of individual fixed-income securities. AMUNI appreciates the fact that the MSRB is exploring the effects that pennyning (last-looks) has on the market and whether or not existing MSRB rules are outdated.

AMUNI is active in the fixed-income secondary market, and our business is affected by last-looks on a daily basis across all of the major ATSS. In our experience, the practice of utilizing last-looks is prevalent in the market and is most likely to occur en masse when the market experiences periods of low volatility and light supply. When abused, this practice undeniably discourages public quotations as well as limits the amount of traders that are willing to aggressively bid the bid-wanted of firms that embrace "last-look" trading policies.

AMUNI does not believe that the MSRB should create a new rule to prohibit pennyning. In our opinion, it would be more effective to police this issue by enforcing existing MSRB rules while focusing on the most egregious cases of abuse. It is our belief that differentiating between the practices of pennyning in institutional and/or retail order flow is unnecessary and counterproductive due to the negative consequences of doing so in each instance. Also, a "safe harbor" provision giving parameters for pennyning is unworkable due to the vast differences in the business models of municipal market participants. It would be more practical for the MSRB to make clear to all market participants that the practice of last-looks is a last resort used in extreme circumstances and by issuing guidance to dealers on best practices.

Regarding the MSRB's question surrounding "bidding in competition," our traders currently treat every bid-wanted as "in comp" so the designation appears lost on our trading desk and has become a moot point. This has occurred over time and is directly related to the frequency and prevalence of last-looks in the bid-wanted auctions. Traders will gravitate to those platforms and dealers with the best hit-rates and execution regardless of whether or not a bid-wanted is "in-comp."

AMUNI believes that an intent based standard would be impossible to prove because when a bid-wanted is submitted by a firm, there will always be a chance that the bonds will trade depending on market movement and the corresponding bid received. Regarding putting out bid-wanted for price discovery, I would argue that



every bid-wanted could be construed as being placed for price discovery. Isn't price discovery the point of a bid-wanted? You are trying to find the counterparty willing to pay the most for the bond in question. I'm not sure how it could be proven otherwise.

Thank you for the opportunity to comment on this practice. It is our belief that anything limiting competition in the municipal market is detrimental to our customers. There will always be a reason for internalizing, but we believe the MSRB should continue to investigate and give guidance on this practice. By reviewing data collected from the ATSS, as well as the brokers' brokers, the MSRB should be able to give the market guidance on what constitutes a legitimate business reason for this practice.

Sincerely yours,

A handwritten signature in blue ink, appearing to read "M. Petagna", is written over a light blue horizontal line.

Mike Petagna

President

Amuni Financial, Inc.