



April 28, 2020

VIA Portal Submission:

<http://www.msrb.org/CommentForm.aspx>

**Ronald W. Smith**

Corporate Secretary

Municipal Securities Rulemaking Board (MSRB)

1300 I (“Eye”) Street, NW | Suite 1000

Washington, DC 20005

**RE:** Response to Request for Comment on Draft Amendments to MSRB Rule A-3: Membership on the Board (MSRB 2020-02)

Dear Mr. Smith,

On behalf of the nation’s State Treasurers and state financial officials we represent, we appreciate this opportunity to provide comments in response to the Municipal Securities Rulemaking Board’s draft amendments to Rule A-3 (MSRB 2020-02). State governments are among the largest issuers of municipal securities and therefore have an integral relationship with the MSRB. We wish to provide feedback on your proposed changes but also want to emphasize several general concerns and considerations regarding the future of the MSRB Board.

**Independence Standard**

While we do not have a specific stance on the proposal to extend the time a public sector representative must be removed from a regulated entity from two to five years, we generally welcome and applaud the MSRB’s continued dedication to ensuring that public sector representatives be sufficiently independent from a regulated entity.

**Board Size, Composition and Leadership: Ensure Adequate Issuer Representation**

As the main regulator in the municipal securities space, the MSRB Board is tasked with promulgating rules that have major and direct implications for municipal issuers. Furthermore, the passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank) expanded the MSRB’s mission to protect municipal issuers. The need for adequate representation of active issuers on the Board remains a top priority for our members. While the existing rule mandates a minimum of one issuer, the MSRB has traditionally included more than one issuer representative in recent years. We now caution that the reduction in size would result in one Board seat available to an active issuer, thus diminishing and diluting critical issuer voices on the Board. Our market is large and diverse, and as such, an effective rulemaking body should

include more than one issuer to accommodate the broad range of issuer voices that exist in our space. Specifically, the MSRB should continue to prioritize the inclusion of a State Treasurer on the Board at all times, but should also include additional active issuers, including those from local governments and other issuer entities.

In addition, the MSRB should strive to ensure that all public sector representatives are currently or recently active in our market. The MSRB is tasked with selecting Board members who are knowledgeable of the municipal securities market. Given the rate of change in our markets, we also wish to stress the importance that Board members be actively involved in it.

### **Inclusion of 529 (College Savings) Plan Expertise**

Many State Treasurers also oversee the administration of their state's respective 529 (college savings) plans. While some plans are sold and managed directly by state offices, others are sold through private dealers or managed by municipal advisors. As such, brokers, dealers and municipal advisors for state 529 plans are subject to MSRB rules. We fear that the reduction in Board size will result in a diminished level of expertise on issues relating to college savings plans. We again stress that the MSRB consider and address these challenges prior to advancing a reduction in Board size. We also urge the MSRB to seek Board participants for existing seats, including those from the issuer community, who have a proficient knowledge of 529 college savings plans.

Above all else, we close by reemphasizing the need for a diverse array of active issuers on the Board in the future. I have asked our policy director, Brian Egan ([brian@statetreasurers.org](mailto:brian@statetreasurers.org) | 202-630-1880), to answer any questions you may have relating to this letter or otherwise. Thank you for your consideration, as well as your continued willingness to hear directly from issuers. Please stay well during these challenging times.

Sincerely,



**Shaun Snyder**  
Executive Director  
National Association of State Treasurers

CC: Nanette D. Lawson, Interim Chief Executive Officer  
Jake Lesser, Associate General Counsel  
Sara Ahmadzai, Special Projects Manager  
Rebecca Olsen, Director of Municipal Securities, Securities and Exchange Commission