



January 19, 2022

**VIA ELECTRONIC SUBMISSION**

Ronald W. Smith  
Corporate Secretary  
Municipal Securities Rulemaking Board  
1300 I Street NW, Suite 1000  
Washington, DC 20005

**Re: MSRB Notice 2021-12 – Request for Comment on Draft Compliance Resources for Dealers and Municipal Advisors Concerning New Issue Pricing**

Dear Mr. Smith,

The Securities Industry and Financial Markets Association (“SIFMA”) appreciates this opportunity to comment on Municipal Securities Rulemaking Board (“MSRB”) Notice 2021-12 (the “Notice”)<sup>1</sup> requesting comment on draft companion compliance resources for brokers, dealers and municipal securities dealers (collectively, “dealers”) and municipal advisors (together with dealers, “regulated entities”). We understand that the two compliance resources were designed to enhance understanding regarding the existing regulatory standards applicable to regulated entities’ supervision of conduct when pricing a new issuance of municipal securities. SIFMA appreciates these draft compliance resources by MSRB, which we believe accurately capture the relevant rules and support the stated goals. SIFMA does, however, have some suggested changes and questions, as set forth below.

**I. Record Keeping**

SIFMA members greatly appreciated that in question 6 on page 6 of the first compliance resource, “Underwriter Considerations for Assessing Supervision of New Issue Pricing,” the MSRB states that dealers “need not document every aspect of the pricing process and may rely on oral explanations to supplement the records they otherwise maintain and preserve in accordance with MSRB rules”. It is very helpful for the MSRB to acknowledge that not everything can or needs to be documented contemporaneously. We appreciate that this language provides firms flexibility to structure their own compliance systems,

However, members point out that there is no related record keeping requirement in Rule G-8. Some SIFMA members are concerned that this language may create record keeping

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<sup>1</sup> MSRB Notice 2021-12 (Oct. 5, 2021).

requirements that are not contemplated on the face of the Rule. To that end, we request that Question 6 in the dealer compliance resource be revised to eliminate the reference to records that dealers are “required to maintain and preserve,” so that it reads as follows: “[m]ay a firm’s supervisory methodology rely on after-the-fact oral explanations to supplement the records it otherwise maintains?” We request that a similar edit be made to the response to Question 6 so that the above sentence states that dealers “need not document every aspect of the pricing process and may rely on oral explanations to supplement the records they otherwise maintain.” Likewise, in the municipal advisor compliance resource, we request that corresponding edits be made to Question 9 and the response to Question 9.<sup>2</sup> Additionally, SIFMA recommends that the compliance resources identify which Rules are being discussed with each clarifying statement.

## **II. Oversight Roles**

Questions also arose in discussing the oversight of pricing municipal securities. Many firms have supervisory practices in place that provide for spot checking deals or reviewing a sampling of transactions based on a risk assessment. SIFMA members believe that in-depth supervisory review of every transaction is neither efficient, practicable nor required.

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<sup>2</sup> Although the MSRB rules do not have any specific recordkeeping requirements regarding new issue pricing, it is unclear what documentation will satisfy examiners from the SEC Office of Examinations or FINRA.

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Thank you for considering SIFMA's comments. Overall, SIFMA appreciates the MSRB's proposed compliance resources, and the opportunity to set forth our additional suggestions and clarifications above. If a fuller discussion of our comments would be helpful, Leslie can be reached at (212) 313-1130 or [lnorwood@sifma.org](mailto:lnorwood@sifma.org) and Matt can be reached at (212) 313-1129 or [mroberts@sifma.org](mailto:mroberts@sifma.org).

Sincerely,



Leslie M. Norwood  
Managing Director  
and Associate General Counsel



Matthew Roberts  
Assistant Vice President

cc: ***Municipal Securities Rulemaking Board***  
Gail Marshall, Chief Regulatory Officer