

December 6, 2023

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

Dear Mr. Smith:

Thank you for your Request For Information regarding issues of smaller firms, and we are pleased to respond. Please note we have previously detailed these issues in an October 23, 2018 letter sent to Gail Marshall (with copies to L. Wilhelmy, E. Dolan, B. Joiner, and Keiholzer), with no reply.

Derivative Advisors is an interest rate swap broker who has been in business for 20 years and is a registered Municipal Advisor (IRMA) with MSRB. We execute several billion dollars in notional transactions annually on behalf of clients, and are recognized experts in the interest rate derivative industry. Our advisors have been trusted industry advisors for over 25 years.

Nevertheless, despite our many years of employment and experience in the industry, MSRB required us to pass two new exams in order to continue to be employed. Both the new exams, Series 50 and 54, covered material unrelated to our firm or work. We estimate only 5% of the questions were related to interest rate derivatives, and the rest pertained to credit analysis and issuance of municipal debt which is unrelated to our firm and has nothing to do with us or our services. In order to pass the Series 50 and Series 54 each principal has to spend many hundreds of hours to learn and master unfamiliar new material that is useless to our customers and us. Due to this very heavy investment of time and effort and pointless burden, we considered whether we should exit the business of serving non-profits and municipalities. Yet we entered the business because of the unethical behavior of swap brokers serving those entities which was not a problem in the more professional for-profit market we came from. With the exit of businesses like ours, it will once again be a few suppliers more likely to take advantage of relatively unsophisticated and nondemanding end-users.

These exams for firms that are strictly swap brokers is not in the public interest, and does not benefit investors, municipal entities, or obligated persons. To the contrary, it restricts the supply thus increasing fees, and rewards 'jack of all trades and master of none' practitioners who can't provide the best service. We respectfully request a separate exam or exemption from the parts of the exam that don't pertain to swap broker firms as they add no value to us or end users but involve many numerous wasted hours and expense.

Sincerely,



Elaine M. Philbrick
Principal