February 2, 2026

VIA ELECTRONIC SUBMISSION

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

Re: MSRB Notice 2025-08 –Request for Comment on MSRB Rule D-15 Defining the Term Sophisticated Municipal Market Professional ("SMMP")

Dear Mr. Smith,

SIFMA[1] appreciates this opportunity to provide input on MSRB Notice 2025-08[2], and applauds the MSRB's goal to modernize the rules while continuing to provide appropriate municipal entity and investor protections without placing undue compliance burdens on regulated entities. In furtherance of this goal:

- Qualifying municipal entities can determine whether to certify as an SMMP to take advantage of certain broker-dealer trading services and are not required to do so.
- MSRB should reject the proposed new threshold for SMMP qualification for municipal entity customers.
- MSRB should approve the removal of the customer affirmation requirement to qualify for SMMP status for all Registered Investment Advisers ("RIAs").

[1] SIFMA is the leading trade association for broker-dealers, investment banks and asset managers operating in the U.S. and global capital markets. On behalf of our industry's nearly 1 million employees, we advocate for legislation, regulation and business policy, affecting retail and institutional investors, equity and fixed income markets and related products and services. We serve as an industry coordinating body to promote fair and orderly markets, informed regulatory compliance, and efficient market operations and resiliency. We also provide a forum for industry policy and professional development. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA).

[2] MSRB Notice 2025-08 (Nov. 3, 2025).

I. Qualifying Municipal Entities Can Determine Whether to Certify as an SMMP to Take Advantage of Certain Broker-Dealer Trading Services and Are Not Required to Do So

Currently, all qualifying municipal entities have a choice whether to be treated as an SMMP. SMMP status may have benefits for the municipal marketplace (i.e., additional liquidity) and for the municipal entity investor's activities as part of that marketplace. SMMPs may have access to securities a broker-dealer may not offer to their less sophisticated investors and potentially lower trading costs associated with larger institutional-sized transactions provided from a broker-dealer's institutional trading desk.

As noted, there is no regulatory requirement for a municipal entity to sign an SMMP certificate in order to trade municipal securities with a broker-dealer. However, should a municipal entity that qualifies as an SMMP under MSRB Rule D-15 choose to opt-in to SMMP status with a broker-dealer, it must affirmatively indicate that it:

(1) is exercising independent judgment in evaluating:
  (A) the recommendations of the dealer;
  (B) the quality of execution of the customer's transactions by the dealer; and
  (C) the transaction price for non-recommended secondary market agency transactions as to which (i) the dealer's services have been explicitly limited to providing anonymity, communication, order matching and/or clearance functions and (ii) the dealer does not exercise discretion as to how or when the transactions are executed; and
(2) has timely access to material information that is available publicly through established industry sources as defined in Rule G-47(b)(i) and (ii).

Rule D-15(d) further requires broker-dealers to have a reasonable basis to believe that the municipal entity investor is capable of evaluating investment risks and market value independently, both in general and with regard to particular transactions and investment strategies in municipal securities.

Importantly, a municipal entity representative should not sign an SMMP certificate if they do not clearly understand or are uncomfortable with the certifications therein or implications of that status. Municipal entities may also contact their broker-dealer and withdraw their SMMP status at any time.

SIFMA members believe that any potential or seemingly isolated issues related to compliance with MSRB Rule D-15 should be addressed through routine examination and enforcement, not with a wholesale rule change impacting the industry broadly.

II. MSRB Should Reject the Proposed New Threshold for SMMP Qualification for Municipal Entity Customers

It is of utmost importance that there should be no separate category for municipal entities in Rule D-15(a)(3). As the MSRB has routinely and appropriately prioritized the value of harmonization

of their rule set with that of FINRA, for the benefit of increased regulatory clarity for all, SIMFA urges the MSRB to not move forward with the changes to the thresholds for municipal entity customers unless there is a clear and impactful reason for these respective rules to differ. On the contrary, the proposed changes to Rule D-15 would create a break with applicable FINRA rules and may negatively impact municipal entity customers. The MSRB should make all efforts to harmonize Rule D-15 with FINRA Rules 2111 and 4512.

Further, the MSRB's concern with municipal entity customer sophistication is already addressed by MSRB Rule D-15(b). Raising the threshold to qualify as an SMMP to $100 million in municipal securities investments effectively limits the availability of SMMP status to a mere handful of municipal entities. The vast majority of municipal entities do not hold $100 million in municipal securities investments.[3] It is not clear that the MSRB has considered the effect on municipal entities that rely on their SMMP status to transact.

We would also note that it is almost impossible for a broker-dealer to perform reasonable independent diligence on any entity's portion of their investment portfolio dedicated to municipal securities currently or on an ongoing basis, as financial statement reporting does not require that level of granularity. Broker-dealers would be required to either implement very costly monitoring for those limited municipal entity clients bordering the threshold minimum, or they would be required to set an internal minimum threshold well in excess of the rule to ensure they do not have a client dropping below the regulatory minimum. Some firms have noted that they may not be able to cover any municipal entity customer who does not meet the new definition of SMMP due to the compliance costs associated with supporting such clients on their institutional platform. Therefore, many municipal entities may be negatively impacted by the proposed changes to Rule D-15 because it could limit and disadvantage a municipal entity's access to transaction executions in the municipal securities market.

Many firms have chosen not to service clients who do not sign an SMMP form because of the compliance costs associated with non-SMMP institutional clients (e.g., best execution, suitability, time of trade disclosures, etc.) or retail clients (adding Reg BI, mark-up or mark-down disclosure, etc.). Municipal entities do not need particularized and enhanced protection in this area. If the MSRB goes back to the prior definition of SMMP, it could be harmful because hundreds of municipal entity clients may no longer be able to be served by dealers' institutional trading desks.

Many municipal entities request to have access to dealers' institutional trading desks for a variety of reasons, including specialized sales coverage, broad investment options, and ease of

[3] Many municipal entities have investment policies designed to provide guidelines and protections against risky investment strategies. These internal investment policies commonly include concentration limits by asset class and limitations on products, and are given to broker-dealers in order to guide what securities the municipal entity is offered and may hold. A typical asset class concentration limit of 20% would mean that to hold $100 million in municipal securities investments, a municipal entity would need to have a $500 million investment portfolio. As stated above, this could limit the availability of the SMMP designation to a small fraction of municipal entities that currently could qualify. It is estimated that well over 90% of municipal accounts at broker-dealers could be disqualified from SMMP status if the amendments are approved, and even the largest municipal entities may not be able to consistently comply with the new threshold.

transactions. In order to set up workable compliance regimes, dealers may choose to only transact with SMMPs on their institutional trading desks, because their institutional trading desks are not designed to provide the protections required to be given to non-SMMP customers. However, these types of protections are built into dealers' compliance systems when trading with customers from their retail desks.

As a matter of practicality, many broker-dealer firms operate a separate municipal trading desk for their retail or non-SMMP customers. This practice helps firms manage certain regulatory requirements by automating certain controls applicable to retail investors. Some firms indicate that their retail desk usually carries a limited amount, if any at all, of inventory of suitable securities for these types of customers in comparison to their institutional trading desk. Instead, traders on the retail desk commonly source bonds for their clients from the street, which may result in higher costs. Institutional trading desks commonly have a higher level of specialization and offerings across the full breadth and depth of the market, as well as carrying an inventory, making it easier and potentially more cost effective to trade in larger blocks of bonds, to which retail trading desks typically do not have access. By increasing the threshold for municipal entities to qualify for the SMMP designation, the MSRB may remove the ability for municipal entities to choose whichever trading desk that works best for them.

Setting a higher threshold for SMMP status than for similar treatment under FINRA 2111 effectively means that a municipal entity may not be able to be treated as an SMMP for purchasing municipal securities but could still qualify under FINRA 2111 to buy other securities with similar reduced protections. In practical effect, because of the different thresholds, a broker-dealer may opt to service a municipal entity from a retail desk for the purpose of transacting in municipal bonds, but that same municipal entity could be serviced by an institutional trading desk for the purpose of transacting in any other securities. This may encourage municipal entities to prefer to buy non-municipal securities, despite municipal securities having an average default rate that is lower than most other security classes.

To level-set, there are definitions in both the MSRB and FINRA Rules for retail customers (or "non-institutional customers"), institutional customers, and a class of institutional investors to whom fewer duties are owed.[4]

[4] A "non-institutional" customer is a customer with an account that is not an "institutional account," as defined in FINRA Rule 4512(c) or MSRB Rule G-8(a)(xi), as applicable. For the purposes of books and records, MSRB Rule G-8 states as follows:

> For purposes of this subparagraph, the term "institutional account" shall mean the account of (i) a bank, savings and loan association, insurance company, or registered investment company; (ii) an investment adviser registered either with the Commission under Section 203 of the Investment Advisers Act of 1940 or with a state securities commission (or any agency or office performing like functions); or (iii) any other entity (whether a natural person, corporation, partnership, trust, or otherwise) with total assets of at least $50 million.

As described herein, SMMPs as defined in MSRB Rule D-15 are a limited subset of institutional customers that have voluntarily opted-in to that regime[5] which includes, but is not limited to, providing the broker-dealer the required attestations.[6]

It is important to recognize that since the MSRB first harmonized Rule D-15 with FINRA Rule 2111 in 2012, there have been a significant number of regulatory changes, including Regulation BI, that have contributed to the rising cost of servicing retail investors.[7] Due to these rule changes, some firms have found it to be more costly to service these types of customers. If Rule D-15 were to revert back to thresholds set prior to the MSRB's 2012 amendments, it would be in a market with a very different regulatory landscape; one with added protections for retail and non-SMMP institutional customers that require costly and burdensome compliance regimes for broker-dealers.

III. MSRB Should Approve the Removal of the Customer Affirmation Requirement to Qualify for SMMP Status for All RIAs

SIFMA's position remains that all SEC and state registered investment advisers should be exempt from the Rule D-15 attestation requirement. Investment advisers are fiduciaries, subject to comprehensive federal or state law and regulatory oversight and are charged with making independent investment decisions on behalf of their clients. It is important that the MSRB rules be consistent with rules adopted under the Investment Advisers Act of 1940 (the "Advisers Act"). RIAs registered with the SEC are subject to the requirements of the Advisers Act and the rules thereunder, including a robust fiduciary duty extending to all services undertaken on behalf of clients. The investor protections provided by the regulatory regime under the Advisers Act obviate the need for the similar investor protections provided in the MSRB rules, such as customer-specific suitability, best execution, and time of trade disclosures. State registered investment advisers have essentially the same duties as federally registered investment advisers and are subject to state oversight. For these reasons, we highly encourage the MSRB to extend the attestation exemption to state-registered investment advisers as well. If the RIA or state-registered investment adviser does not comply with these obligations, they are not fulfilling their fiduciary duties. The remedy should be examination and enforcement proceedings against that

[5] See MSRB Rule G-48 for the explicit list of modified dealer regulatory obligations under other MSRB rules when transacting with SMMPs.

[6] For completeness, we note that the attestations that institutional customers provide to broker-dealers pursuant to FINRA 2111, which are similar to the SMMP attestations, relate to suitability. FINRA does not have a parallel rule to MSRB Rule G-48 but does otherwise have different standards for best execution for institutional versus non-institutional customers. FINRA does not have a rule addressing time of trade disclosures similar to MSRB Rule G-47.

[7] In July of 2014, the MSRB's Rule G-19 on suitability was amended to harmonize with FINRA Rule 2111, and Rule G-47 consolidated and codified required time of trade disclosures. In March of 2016, MSRB Rule G-18 was implemented to establish the first best-execution rule for transactions in municipal securities and beginning in May of 2018, dealers were required to disclose mark-up/mark-down details on retail customer confirmations. In March of 2025, the MSRB added additional time of trade disclosures pursuant to MSRB Rule G-47. Also, the SEC's Municipal Advisor Registration Rule became effective in July of 2014 and Regulation Best Interest was implemented in June of 2020.

RIA or state-registered investment adviser, not for the MSRB to layer on additional and duplicative investor protections for municipal securities.

SIFMA also strongly believes that the burdens associated with obtaining an attestation from RIAs and state-registered investment advisers strongly outweigh the protections afforded by such attestation. Imposing an attestation obligation would require most dealers to build new systems to track RIA and state-registered investment advisers, which would include assessing changes in advisory authority, thereby introducing execution delays and potential liquidity impacts in the municipal market. Accordingly, an SMMP attestation requirement for RIA and state-registered investment adviser clients for the purposes of this rule would be costly, and operationally complex.[8] Moreover, such an approach would inappropriately shift and duplicate fiduciary responsibilities of RIAs and state-registered investment advisers onto broker-dealers, notwithstanding that RIAs are already subject to fiduciary duties and comprehensive compliance oversight under the Advisers Act and applicable state laws, respectively.[9]

The MSRB has appropriately recognized that a dealer trading with an RIA who has been granted full investment discretion is not required to obtain a customer affirmation from the ultimate investor for purposes of qualifying the person, separately, as an SMMP under MSRB Rule D-15.[10] When an investor has granted an RIA full discretion to act on the investor's behalf for all transactions in an account, the RIA has effectively become that investor for regulatory purposes when engaging in transactions with the dealer. For example, when an independent investment adviser (including an RIA) purchases securities from one dealer and instructs that dealer to make delivery of the securities to other dealers where the investment adviser's clients have accounts, the identities of individual account holders often are not given to the delivering dealer. RIAs typically are given discretion to trade on behalf of their clients, who may not want to be informed of the details of each trade or may be forbidden from knowing the details of trades in their account.[11] Therefore, the investment adviser is the customer of the dealer and must be treated as such for recordkeeping and other regulatory purposes. Accordingly, the dealer does not have any customer obligations to the underlying investors, including, importantly under MSRB Rule G-47.[12] The MSRB should codify this guidance.

It is important to note that the SEC's rules create a paradigm where RIAs are viewed to be the appropriately regulated party to provide municipal entities with investment advice. Since 2014,

[8] For the purposes of other rule compliance, broker-dealers currently obtain these affirmations from both SEC and state-registered RIAs. If the MSRB does not agree to relieve both types of RIAs from the attestation requirement, then broker-dealers may need to build out separate new systems to distinguish between the two and apply the rule differently to each.

[10] *See*, Application of MSRB Rules to Transactions in Managed Accounts (Dec. 1, 2016), https://www.msrb.org/Application-MSRB-Rules-Transactions-Managed-Accounts.

[11] Examples of investors being forbidden from knowing the details of trading in their account include members of Congress, persons in financial services with access to material non-public information, etc.

[12] *See*, SIFMA letters on MSRB Notice 2023-02 (Apr. 17, 2023) The MSRB should codify the guidance related to transactions in managed accounts as it relates to Rule G-47. It is important to make clear that a dealer trading with an RIA is not required to provide the time-of-trade disclosures required by MSRB Rule G-47 to the ultimate investor, who is the account holder (i.e., the RIA's client).

when the SEC's Municipal Advisor Rule became effective, dealers have been prohibited from providing investment advice or recommendations to a municipal entity, absent an exemption or exclusion, if their account contained municipal securities proceeds.[13] Under this Rule, RIAs are notably exempt from the registration requirements, and therefore exempting them from the attestation requirement is logical and appropriate given the prohibition on dealers from providing recommendations or investment advice to municipal entities.

* * *

As described above, municipal entities have a number of protections built into Rule D-15. They also should have written investment policies which have been approved by their governing body and shared with the broker-dealer during the onboarding process. Therefore, should a municipal entity elect to sign the SMMP certificate, there still remains multiple layers of protection for that municipal entity, including their own investment policies, the SEC's Municipal Advisor Registration Rule, and the protections currently built into the existing language in Rule D-15.

Thank you for considering SIFMA's comments. If a fuller discussion of our comments would be helpful, I can be reached at (212) 313-1130 or lnorwood@sifma.org.

Sincerely,

Leslie M. Norwood
Managing Director and Associate General Counsel
Head of Municipal Securities

cc: ***Municipal Securities Rulemaking Board***
Ernie Lanza, Chief Regulatory and Policy Officer

[13] Section 15B of the Securities Exchange Act of 1934; 15 U.S. Code § 78o-4. One such exemption is for the municipal entity to engage an Independent Registered Municipal Advisor ("IRMA") and provide a letter to the broker broker-dealer confirming they have engaged an IRMA. This is the regime that is already in place to ensure the municipal entity is obtaining recommendations from a fiduciary.

Without receipt of a municipal entity's IRMA letter, or other exemption from the SEC Municipal Advisor Registration Rule, a broker-dealer cannot provide trading recommendations to a municipal entity without acting unlawfully as an unregistered municipal advisor. A broker-dealer may only offer a municipal entity all of the bonds that fit the criteria in the issuer's investment policy.

APPENDIX A

QUESTIONS

Nature of the Customer

1. Should the asset threshold in current Rule D-15(a)(3), as applied to municipal entities for SMMP qualification, be "assets" or "investments in municipal securities?" If the current language should be changed from "assets" to "investments in municipal securities," should that change be limited to municipal entities or should it apply to some or all other categories of investors? In addition, what should be the appropriate threshold amount, and should a changed threshold amount be applicable solely to municipal entities or to some or all other categories of investors?

FINRA Rule 4512 (c) uses assets instead of investments and states that:

> "For purposes of this Rule, the term "institutional account" shall mean the account of: (1) a bank, savings and loan association, insurance company or registered investment company; (2) an investment adviser registered either with the SEC under Section 203 of the Investment Advisers Act or with a state securities commission (or any agency or office performing like functions); or (3) any other person (whether a natural person, corporation, partnership, trust or otherwise) with total assets of at least $50 million.

SIFMA members believe that the MSRB should maintain harmonization with FINRA's threshold of categorizing institutional customers/SMMPs as having total assets of at least $50 million in assets. SIFMA does not believe that municipal entities should be carved out to have a stricter threshold applied to them, requiring over $100 million in municipal securities investments. As stated in our letter, even if a municipal entity voluntarily elects to certify they are an SMMP, there are already a variety of municipal entity protections including those currently built into Rule D-15, the SEC's Municipal Advisor rules, and the municipal entity's own investment policy.

2. Would the adoption of an asset threshold in current Rule D-15(a)(3) of $100 million invested in municipal securities preclude most municipal entity customers from SMMP qualification? Please describe any potential positive or negative consequences to municipal entities that could result from such a change in asset threshold. If the MSRB were to adopt such a threshold for municipal entities, should such heightened threshold apply to any other categories of investors, or should it be raised for all types of investors?

Yes, SIFMA members believe the adoption of an asset threshold in Rule D-15(a)(3) of $100 million invested in municipal securities could preclude many municipal entity customers from SMMP qualification, and thus access to execute trades from BD institutional trading desks, which do not offer the protections required to be given to non-SMMP investors.

3. Should municipal entity customers be wholly excluded from qualifying as SMMPs?

No. There are hundreds of municipal entity customers of broker-dealers that choose to and benefit from access to broker-dealers' institutional trading desks.

4. How important is it for municipal entity customers to qualify and be treated as an SMMP?

Some municipal entity customers actively seek to be treated as an SMMP, as it gives them access to a dealer's institutional desk. SIFMA members believe that there are a few hundred municipal entities that have signed SMMP certifications.

5. If a dealer cannot treat a municipal entity customer as an SMMP, how, if at all, would that impact the dealer's ability to serve, or the dealer's manner of serving, such customers?

If a dealer cannot treat a municipal entity customer as an SMMP, dealers could only then service that municipal entity client from their retail platform. Dealers' institutional desks are set up for SMMPs, and it may be an unworkable compliance burden for a dealer to offer the protections due to non-SMMP investors for those trading on the institutional trading desk. Typically, municipal entities do not want to be serviced from a dealer's retail trading desk due to the pace of transactions, offerings, and level of required compliance, including Reg BI. Anecdotally, dealers report that retail trading desks also are unlikely to trade directly with municipal entities.

6. For dealers that only work with SMMPs, what would these dealers choose to do if some of their municipal entity customers no longer qualify as SMMPs?

If a dealer only worked with SMMPs, and those municipal entity customers no longer qualify as SMMPs, the municipal entities could lose access to those dealers, as the compliance burden of allowing a non-SMMP to trade off the institutional desk is an unworkable hurdle and moving the client to the retail desk may not be appropriate.

7. Would dealers that only work with SMMPs potentially forfeit business with some municipal entity customers because the cost of implementing a compliance framework for non-SMMPs would be too high?

Absolutely, yes. Dealers that only work with SMMPs could potentially forfeit business with some municipal entity customers because the cost of implementing a compliance framework for non-SMMPs on their institutional trading desks may be too high and retail desks may also not be an appropriate platform to service these clients.

8. If the answer to Question 7 is yes, would this significantly impact the number of dealers a municipal entity customer can choose from?

Again, yes. SIFMA does not believe there are many, if any, firms that permit non-SMMP customers to directly trade with its institutional trading desks or its retail trading desks.

9. Are there specific products or services that would no longer be available to municipal entity customers, or are there other consequences that could result, if they were not able to qualify for SMMP status?

Municipal entity customers would lose direct access to dealers' institutional trading and likely retail trading desks as well.

10. How important is it to dealers for Rule D-15 to be harmonized with analogous FINRA rules, such as FINRA Rule 4512(c)(3) on customer account information, which contains a provision allowing a customer with total assets of at least $50 million to be considered an institutional account? Please describe any other potential positive or negative consequences, other than any described in response to the questions above, to dealers, municipal entities and/or the marketplace as a whole that could result from such lack of harmonization.

It is very important to the dealers that MSRB Rule D-15 be harmonized with FINRA 2111 and FINRA Rule 4512. The compliance burden of having different rules for different products cannot be overstated. SIFMA believes that the current threshold of $50 million in assets is appropriate as a baseline requirement for any customer to be treated as an SMMP. Customers are not required to opt-in to be treated as SMMPs, and there is no requirement that customers provide the attestations to be treated as an SMMP. To the extent a customer does not feel they have this level of sophistication, they should simply decline to provide the affirmation. The customer affirmation requirement is designed to ensure that SMMPs have affirmatively and knowingly agreed to forgo certain protections under MSRB rules. As noted in our letter, an assets test tied to the value of municipal bond holdings would be extremely difficult if not impossible to monitor, and firms would be required to either implement very costly monitoring for those limited clients bordering the threshold minimum, or they would be required to set an internal minimum threshold well in excess of the rule to ensure they do not have a client dropping below the regulatory minimum.

Determination of Sophistication

11. Do commenters believe that dealers are properly determining customer sophistication, as required under Rule D-15(b), on a case-by-case basis?

Yes, we believe that dealers are properly determining customer sophistications, as required under Rule D-15(b), on a case-by-case basis.

12. Do commenters believe that Rule D-15 Supplementary Material .01 provides enough guidance for dealers when conducting a reasonable basis analysis of customer sophistication? If not, should there be a more exacting standard of review for determining a customer's level of sophistication when the customer is a municipal entity?

Rule D-15 Supplementary Material .01 does provide enough guidance for dealers when conducting a reasonable basis analysis of customer sophistication.

Customer Affirmation

13. Are customers sufficiently aware of the customer protections they are giving up when completing Rule D-15(c)'s customer affirmation for qualification as an SMMP?

Customers should be sufficiently aware of the customer protections that they are giving up when completing Rule D-15(c)'s customer affirmation for qualification as an SMMP. The certifications set forth are clear and explicit. If there are instances where a customer is not aware of the protections they are giving up, or not aware that they have signed an SMMP certificate, then the dealer has not satisfied Rule D-15(d), wherein "[t]he dealer must have a reasonable basis to believe that the customer is capable of evaluating investment risks and market value independently, both in general and with regard to particular transactions and investment strategies in municipal securities." Such situations should be a matter for targeted examination and enforcement, and not a wholesale change in regulation which could impact many municipal entities' access to institutional trading desks. All dealer activity is also covered by Rule G-17 on fair dealing.

SIFMA feels that the content of the customer affirmation requirement described in Rule D-15(c) is appropriately harmonized with the content of customer affirmations referenced in the rules of other regulators (e.g., FINRA Rule 2111(b)) given the differences between the markets and respective rule sets, as SIFMA sees no material reason for the MSRB to impose additional costs on the broker-dealer community by de-harmonizing the rulesets

14. Are dealers taking proper steps to ensure that the appropriate individual is completing the affirmation under Rule D-15(c) when the customer is a municipal entity?

Dealers do take proper steps to ensure that the appropriate individual is completing the affirmation under Rule D-15(c) when the customer is a municipal entity. Again, if an appropriate municipal entity official is not the one completing the SMMP certificate, then the dealer has not satisfied Rule D-15(d), wherein "[t]he dealer must have a reasonable basis to believe that the customer is capable of evaluating investment risks and market value independently, both in general and with regard to particular transactions and investment strategies in municipal securities." Again, such situations should be a matter for targeted examination and enforcement, and not a wholesale change in regulation which could impact many municipal entities' access to institutional trading desks. Also, all dealer activity is also covered by Rule G-17 on fair dealing.

15. Should investment advisers registered with the Commission be exempt from Rule D-15(c)'s customer affirmation requirement? Would such an exemption be consistent with current requirements under FINRA Rule 2111(b), on which the customer affirmation requirement was partially based? Why or why not?

Yes, investment advisers registered with the Commission should be exempt from Rule D-15(c)'s customer affirmation requirement, and such an exemption should be consistent with current requirements under FINRA Rule 2111(b). FINRA Rule 2111(b) states, "Where an institutional customer has delegated decision making authority to an agent, such as an investment adviser or a bank trust department, these factors shall be applied to the agent." Also, FINRA Rule 4512 specifically includes in the definition of institutional accounts "(2) an investment adviser registered either with the SEC under Section 203 of the Investment Advisers Act or with a state securities commission (or any agency or office performing like functions)." SEC-registered investment advisers undergo regular and routing risk-based examination and enforcement by the SEC, and state investment advisers undergo state-level examination and enforcement.

16. If the exemption for investment advisers registered with the Commission is adopted, should it be extended to state-registered investment advisers? Why or why not? Would such an extension be consistent with FINRA Rule 2111(b)?

Yes, the exemption for investment advisers registered with the SEC should be adopted, and it should be extended to state-registered investment advisers. As you know, all these advisers are subject to comprehensive federal and state regulations such that the MSRB does not need to unnecessarily layer on duplicative regulations. There is no regulatory gap to solve for.

Harmonization of MSRB rules with FINRA rules, wherein possible and absent clear reasons for treating municipal securities transactions differently, reduces the cost of compliance for dealers to maintain consistency. Again, FINRA Rule 2111(b) states, "Where an institutional customer has delegated decision making authority to an agent, such as an investment adviser or a bank trust department, these factors shall be applied to the agent," and FINRA Rule 4512 specifically includes in the definition of institutional accounts "(2) an investment adviser registered either with the SEC under Section 203 of the Investment Advisers Act or with a state securities commission (or any agency or office performing like functions)." There is no bona fide reason to treat state-registered investment advisers differently.

Other

17. Would the Draft Amendments result in a disproportionate and/or undue burden for small dealers?

SIFMA members feel that the amendments would not result in a disproportionate or undue burden for small dealers; rather, all dealers would experience the same burdens.