

April 13, 2012

VIA ELECTRONIC MAIL

Ronald W. Smith
Corporate Secretary
Municipal Securities Rulemaking Board
1900 Duke Street, Suite 600
Alexandria, VA 22314

RE: MSRB Notice: 2012-13: Request for Comment on Proposed Rule Amendments and Interpretive Notice on Retail Order Periods

Dear Mr. Smith:

The Bond Dealers of America (BDA) is pleased to submit this letter in response to the Municipal Securities Rulemaking Board's (MSRB) Notice: 2012-13 (the "Notice"), which solicits comments in connection with proposed amendments concerning retail order periods to MSRB Rules G-11 (on primary offering practices), G-8 (on books and records), and G-32 (on disclosures in connection with primary offerings), and a proposed interpretive notice (Interpretative Notice) concerning the application of MSRB Rules G-17 and G-30 to retail order periods. BDA is the only DC based group representing the interests of securities dealers and banks focused on the U.S. fixed income markets. We welcome this opportunity to state our position.

Our most significant concern with the Notice is the addition of subparagraph (k) to Rule G-11 in which each broker, dealer, or municipal securities dealer (Dealer) would be required to provide specific representations and disclosures in connection with each retail order during retail order periods. We believe that this will impose a costly and unreasonable burden on Dealers, particularly in cases in which the Dealer obtains large numbers of retail orders during retail order periods. The entire premise of the Notice is that Dealers should comply with the requirements that issuers impose on Dealers during retail order periods. The addition of subparagraph (k) unnecessarily changes course on this premise and imposes an absolute and specific requirement on Dealers to deliver voluminous information in connection with each bond issuance in which there is a retail order period. Instead, at most, the MSRB should simply provide that Dealers should comply with requirements of issuers to document or represent that they have complied with retail order period requirements. This would allow issuers to fashion for themselves how they want Dealers to document their efforts and the requirements will be able to take into consideration the specific circumstances in which this is done.

We believe that it is crucial for the MSRB to take into consideration the additional burden that it is imposing on Dealers with its rulemaking. We understand that the intent

of the Notice is to curtail the failures of some Dealers to comply with the retail order period requirements of issuers and we think that this is a valuable effort. But imposing this new absolute requirement to deliver this information in connection with each retail order simply goes too far. As we and others have repeatedly told the MSRB, it is important that the MSRB weigh the burden it is imposing on Dealers with the true damage that the targeted abuse is creating. For the MSRB to impose this absolute requirement for dealers to deliver such voluminous information imposes far more regulation and burden than is justified or valuable. As we have explained before, these kinds of burdens on dealers have unintended consequences for everyone. When dealers need to produce such voluminous materials in connection with retail order periods, this can discourage the practice of retail order periods altogether and this can hurt issuers and retail investors.

We also believe that the last paragraph of the Interpretative Notice needs to clarify how different coupons can impact the yield calculation and what characteristics of securities of the same maturity justify differences in pricing. If a retail order is priced at par and the institutional order is priced at a premium, then the yield to the first call date may be the same in both the retail and institutional orders but the yields to maturity will be different. Under these circumstances, the municipal markets would not consider this to be an unfair treatment of the retail purchaser because the yields on which the bonds were priced were the same. Another clarification that the MSRB should make to this last paragraph of the Interpretative Notice is to provide some specific characteristics of securities that would legitimately justify differences in pricing. For example, transactions frequently include securities of the same maturity that have different redemption provisions and this can produce differences in pricing. We believe that it is important for the MSRB to specifically identify this and other circumstances in which Dealers are justified in selling the same securities at different prices.

Thank you again for the opportunity to submit these comments.

Sincerely,



Michael Nicholas
Chief Executive Officer