



July 17, 2013

Chairman Jay Goldstone
Executive Director Lynnette Kelly
Municipal Securities Rulemaking Board
1900 Duke Street, Suite 600
Alexandria, VA 22314

Chairman Goldstone and Executive Director Kelly:

Lumesis, Inc. offers this letter in support of the MSRB's Proposed Rule G-47. We are prompted to submit the same in light of certain comments submitted as well as other "concerns" articulated by market participants. We do recognize that the official comment period has expired.

We support the MSRB's initiative to clarify and codify the disclosure requirements for those interfacing with the fixed income municipal retail investor (Proposed Rule G-47; referenced herein as "G-47" and to include, by reference, existing Rule G-17). This step, along with the harmonization with FINRA's regulatory notices and guidance, will provide greater clarity to market participants and, more importantly, support enhanced transparency and disclosure for the retail investor. We believe this effort supports the MSRB's mission "to protect investors ... and the public interest by promoting a fair and efficient market, regulating firms that engage in municipal securities and advisory activities, and promoting market transparency." In this regard, we applaud the leadership and steps being taken by the MSRB to further promote transparency.

Municipal bonds are one of the most important fixed income products for retail investors and are an essential financial tool for municipal issuers across the country. We firmly believe that the work of the MSRB in refining disclosure obligations and coordinating with the enforcement efforts of FINRA, will materially improve transparency -- an essential feature of well-functioning markets.

Proposed Rule G-47 is a significant step in clarifying, for market participants, the requirements for time of trade disclosure to retail investors. The MSRB has gone to lengths to affirm that the new rule is a codification of the relevant interpretive letters and notices from Rule G-17. We believe this clarification, along with the stated harmonization of efforts with FINRA, will eliminate the lack of clarity that has seemingly existed for some time. Despite these steps and pronouncements, we continue to hear concern that the proposed rule will drive market participants from the buying and selling of individual bonds given the apparent "burden and expense of compliance" with G-47.

We strongly believe that technology has the potential to save time and money and to improve the quality of information aggregation, delivery, analysis and reporting. While the municipal market has been underserved in this regard over the years, we are encouraged by the introduction of new tools and resources designed to promote transparency and information delivery and recognize those in the private sector that have delivered in this regard as well as the MSRB's EMMA platform.

Lumesis' primary purpose is to deliver software and data for the municipal market. We are cognizant of the importance of balancing information and solution delivery with cost-effectiveness. As it relates to G-



47, we are one of several firms that have created a technology solution that offers market participants the ability to efficiently and cost-effectively meet their obligations. Taking our cues directly from the Rules and Regulatory Notices and market feedback, market participants can use our software to generate investor-specific municipal bond reports in seconds. These reports can include customizable data and, importantly, risk factors. These same reports can be emailed directly to retail investors.

The use of modern web technology, including cloud-based computing, is enabling cost-effective technology solutions like ours for G-47 that can be delivered quickly, easily, and with universal accessibility for all market participants. In our view, any concern that compliance with G-47 represents an unreasonable cost or other burden is simply unfounded. We would also suggest that because information and technology is so abundantly available and affordable, investors already have a fair expectation that the Municipal Market should function similarly to the equity or mutual fund markets in its disclosure practices. When it does not, retail investors become suspect casting an even greater negative pallor on the market.

G-47 Enforcement

A critical aspect of G-47 is what happens after the rule is passed -- enforcement. We recognize enforcement is beyond the scope of the MSRB's mandate. However, despite the fact that G-17 and its interpretive notices have existed for many years, compliance with the same may have been less than intended by the Rule (this is supported by comments pertaining to the burden and expense of compliance with G-47).

Perhaps, as part of the harmonization with FINRA, an approach can be adopted whereby market participants are provided clarity and an opportunity to comply. We believe G-47 addresses the need for clarity. We also believe that providing those that have made good-faith efforts to comply with ample notice and sufficient direction to take corrective actions would support the spirit and intent of the rule. For those that have not made the effort or do not comply with G-47, more meaningful consequences may be warranted to emphasize the importance of providing required information to the retail investor. We believe such an approach is fair to those firms that have taken meaningful steps over the years to comply and provides an opportunity for all to be compliant.

Form of Disclosure

Finally, we recognize the current rulemaking effort focuses on clarifying and codifying G-17 and the interpretive notices by way of the introduction of G-47. As the MSRB contemplates refinements and changes to the rule in the future, it is suggested that the subject of "form of disclosure" be more fully addressed. Many market participants struggle with "what actions satisfy the time of trade disclosure obligation?" Is verbal disclosure sufficient? Are notes required to be taken and stored? Is checking the box saying "I've made the disclosures" sufficient? Is an email of the disclosure required or suggested? A better/clearer roadmap for firms will encourage compliance and reduce confusion in the market.

As the Board contemplates this and other changes to G-47, we think the availability and impact of technology should be fully considered. In this regard, we would welcome the chance to express our perspective regarding how technology can offer an efficient and cost-effective means to support the necessary disclosure to the retail market as well as to protect firms.



In conclusion, we wish to voice our support for the adoption of G-47 and, more broadly, for the work the MSRB is doing to promote transparency and fairness. We would be happy to discuss our thoughts in greater detail and are available at your convenience.

Sincerely,



Gregg L. Bienstock, Esq.
CEO and Co-Founder, Lumesis, Inc.

cc: John Cross, Director, Office of Municipal Securities, Securities and Exchange Commission