



George K. Baum & Company

INVESTMENT BANKERS SINCE 1928

May 16, 2014

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

Re: MSRB Notice 2014-08 Establishing Professional Qualification Requirements
for Municipal Advisors

Dear Mr. Smith:

On behalf of George K. Baum & Company (“GKB” or the “Firm”), we are pleased to submit this letter in response to the request for comments in MSRB Regulatory Notice 2014-08 (the “Notice”). Please also note that our Firm is a member of both the Bond Dealers of America (“BDA”) and the Securities Industry and Financial Markets Association (“SIFMA”), and we support their comments on the issue as well.

One Examination and Qualification Standard

Central to all of our comments below is the belief that a Municipal Advisor (“MA”), trained to the minimum qualification level represented by taking a qualifying exam, needs to know everything that a Municipal Finance Professional (“Underwriter”) needs to know when the Underwriter is trained to the minimum qualification level. Similarly we believe that an Underwriter, trained to the minimum qualification level, needs to know everything that a MA needs to know when the MA is trained to the minimum qualification level. We do not believe that an Underwriter can interface properly with an MA or an issuer unless the Underwriter understands all of the ethical requirements that the MA’s relationship with a borrower entails. Similarly we do not believe that an MA can give educated advice to an issuer or obligated person on the activities of the Underwriter unless the MA understands the mechanics of the public debt market and the obligations that an Underwriter deals with when balancing the needs of borrowers and lenders.

While it is arguable that the increased industry costs of having dual registration requirements offset the possible increased industry regulatory burden of not allowing firms to register employees only for the services that they can, or choose to provide, we feel that there should only be one category of registered representative for the purposes of qualifying exams and continuing education.

Transition Time Frame

Currently there are 193 broker dealer firms, 9 banks and 697 non-broker dealer, non-bank MAs registered as municipal advisors with the MSRB. Under the new registration requirements, George K. Baum alone has over 100 employees that will need to be registered as MAs. Assuming that the average broker deal has 50 employees which need to be registered as MAs, the average bank has 50 employees that need to be registered as MAs, and the average non-broker dealer, non-bank MA firm has 10 employees which need to be registered as MAs, there will be a total of 17,070 people who will have to pass the new MA qualifying exam in the first year the exam is offered. Using those same numerical assumptions and further assuming that MAs will have to have the same continuing education requirements as Municipal

Ronald W. Smith

May 16, 2014

Page 2 of 3

Finance Professionals ("MFP's"), every year thereafter 5,690 people will have to take an additional continuing education exam. In addition the system will need to accommodate everyone who will need to take a Municipal Advisor Principal exam. Our concern is that the existing exam system, which is already overburdened so that it can take a month or more to get an exam scheduled, will not be ready to absorb this additional requirement. We believe that the MSRB should take this into consideration when determining how long the window is when any additional exam needs to be taken.

Continuing Education and Opt-in Proposal

As stated above, we feel that MAs and MFPs, and their associated principals, need to be trained, at least to the level of the qualifying exams, so that they each know, and are tested on, the same information. Given that premise, there will only be a portion of the new exam for which existing MFPs and their principals will not have already been tested. As result, for persons at existing broker-dealer firms who have passed the relevant Series 52 and Series 53 qualification exams, we believe that any proposal which requires them to qualify under any new MA examination would not provide any material additional benefits or protection for municipal issuers or investors versus the significant time, cost and disruption involved. Rather, we believe that existing Series 52 and Series 53 qualified persons should only be required to participate in a continuing education portion of the qualification process when the MSRB has incorporated specific MA related issues in the continuing education curriculum. Therefore, we believe that professionals currently registered as Series 52 and Series 53 should be given the same time period, as those required to take the new MA qualifying exam have, to complete the continuing education component addressing the additional MA specific information.

Accordingly, we believe the MSRB should follow the opt-in process FINRA has enacted in recent years for those individuals holding in good standing a Series 52 (and Series 53) exam(s). When FINRA introduced the Series 79 examination requirement for investment banking representatives, any registered person with a Series 7 qualification was allowed to opt-in to the Series 79 qualification. Similarly, when the Series 99 was introduced for Operations Professionals, those holding a Series 7 qualification were allowed to opt-in to the Series 99 qualification. Lastly, an individual who was duly qualified as a Municipal Securities Representative by virtue of having taken and passed the Series 7 examination prior to November 7, 2011 is not required to retake the Series 52 in order to re-qualify as a Municipal Securities Representative. We would propose that the continuing education requirements for all these individuals with an opt-in registration position would be satisfied in one regularly scheduled regulatory continuing education session within the initial opt-in deadline period. If existing MFPs have not taken the MA specific continuing education module, during the appropriate initial opt-in period, then they would not be qualified to act as MAs going forward and would be required to take the appropriate MA examination should they wish to become an MA in the future.

90 Day Apprenticeship Requirement

We agree with the proposal that the 90 day apprenticeship requirement should be eliminated for current municipal securities representatives and should not be required for the new MA representatives. We do not believe that a 90 day apprenticeship provides any tangible benefit to any relevant parties. We would also note that FINRA does not have any apprenticeship requirements for any of its qualification examinations and both NYSE and NASD historically did not have any apprenticeship requirements for any of their registrations.

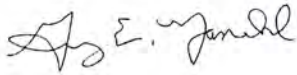
Ronald W. Smith
May 16, 2014
Page 3 of 3

Conclusion

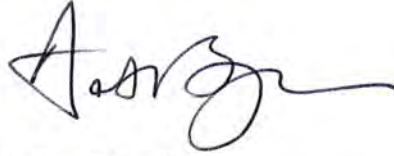
We support the MSRB's expanded mission to protect municipal entities and obligated persons through a proper qualification examination of municipal advisors, but also believe it can be accomplished at a much lower cost and more effectively than simply requiring thousands of currently registered municipal professionals to take costly examinations.

Thank you in advance for your attention to our concerns and comments.

Sincerely,



Guy E. Yandel
EVP Public Finance



Dana L. Bjornson
EVP & Chief Compliance Officer



Andrew F. Sears
SVP & General Counsel