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January 11, 2021

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

RE: Public Comment on MSRB's FY21 Priorities

Dear Mr. Smith:

Thank you for the opportunity to provide input on the Municipal Securities Rulemaking Board's (MSRB) Fiscal Year 2021 strategic goals and priorities. The Government Finance Officers Association (GFOA), representing over 21,000 members, appreciates the opportunity to provide comments to the MSRB on their numerous rulemaking and general guidance efforts. The COVID-19 Pandemic is among the many pressures affecting the issuance of municipal obligations. This underscores the importance of a strong strategic plan for all the agencies that support governments, including the MSRB. State and local governments and entities depend on the MSRB to provide stability through rule development and implementation for broker-dealers and municipal advisors. State and local governments also depend on the MSRB for technology and systems that allow issuers to provide information to market stakeholders.

As the COVID-19 pandemic has created challenges for the market and issuers, GFOA has led – and continues to lead – industry group efforts to provide guidelines and principles regarding disclosure. These education efforts, along with industry groups and the support of the MSRB, have been distributed and used by issuers as they continue to accomplish their disclosure efforts generally and in the midst of the COVID-19 pandemic. We would ask the MSRB to enhance these efforts of market participants as well as we believe these efforts are to the entire municipal market's benefit.

We also acknowledge that the MSRB has also new leadership through the onboarding of Mark Kim, a former GFOA and Debt Committee member, and will experience more change in board composition throughout 2021. We offer these suggestions generally, within the context of pandemic and the ongoing changes to ensure the sustainability, innovation and advancement that will help the MSRB achieve its mission of protecting issuers and investors.

MSRB Mission

As GFOA has commented in many previous letters to the MSRB, we view the MSRB's statutory mandates as solely related to the MSRB's specific authority to develop rules for the broker-dealers and municipal advisors. Additionally, the expanded authority given to the MSRB in the *Dodd-Frank Act* gives the MSRB authority solely to protect the needs of state and local governments, as financial products are recommended and sold by underwriters, municipal advisors, and other professionals under the MSRB's authority. The expanded mission also includes the design and maintenance of EMMA as a technology interface between issuers and investors.

We do not believe the MSRB's revised mission should interfere with or directly and unduly influence matters of state and local governments – whether that pertains to reported financial or budget information, the content and frequency of disclosures made to EMMA, or any issue related to the policies and practices of governments and issuers of municipal securities.

In the past, the MSRB has explored and committed resources to broader market issues unrelated to their mission. GFOA and other groups have noted numerous times that the MSRB should seek to avoid such action. Initiatives such as market announcements regarding selective disclosure¹, yield curve exploration², submission calculator³, and general advocacy to Congress⁴ about the municipal bond market and infrastructure are all concepts already well covered by industry education efforts.

While focusing therefore on its mandated mission, we are optimistic that the MSRB will continue to solicit industry input wherever possible. Additionally, when industry comes together to develop principles, we would ask that the MSRB support industry efforts and encourage their distribution. In order to most effectively address the education needs of all issuers, but especially needs of less-frequent issuers, GFOA would like to work with the

¹ Regulatory Notice: Market Advisory on Selective Disclosure (<http://www.msrb.org/Market-Topics/~media/A270A4C8CB29490094D07431A59EBCA2.ashx>)

² Request for Information on the Accessibility, Methodology and Utility of Indices, Yield Curves and Other Benchmarks (<http://www.msrb.org/~media/Files/Regulatory-Notices/RFCs/2018-20.ashx??n=1>)

³ Using EMMA to Identify the Timing of Financial Disclosures (<http://www.msrb.org/~media/Files/Resources/Investor-Resource-Timing-Financial-Disclosures.ashx>)

⁴ Municipal Bonds Financed Projects by Congressional District (<http://www.msrb.org/Market-Topics/~media/Files/Resources/Municipal-Bond-Financed%20Projects-by-Congressional-District.ashx>)

MSRB, and industry participants, to help inform and perhaps help design effective education material for the broad issuer community.

EMMA

We have been pleased with the MSRB's work on EMMA, especially the development of platforms and features that enhance an issuer's ability to use EMMA with greater ease and consistency. GFOA's efforts in 2021 will continue to encourage the MSRB to develop relatively simple changes that will enhance the usability of the system for issuers.

We would appreciate the MSRB continuing to reach out to GFOA and develop recommendations through the Market Transparency Advisory Group (MTAG) about EMMA educational efforts and enhancements for two primary reasons. First, so that issuers – as one of the primary users of the system – can provide feedback to the MSRB as it establishes new or improved features. And second, so that we can notify our members of changes within the system and provide resources, as appropriate, to facilitate best use of the system. We continue to suggest recommended changes to EMMA that we have repeatedly requested that would enhance the issuer user experience of EMMA. Our general recommendations for EMMA improvements are as follows:

- *Involve users in making data enhancements early and often and include a variety of different types of users during those enhancements.* The MTAG included diverse industry perspectives on the export of EMMA to the cloud. GFOA recommends the MTAG, or an issuer-only group supported by the MSRB including much broader set of issuers, remain an active advisory group. In particular, the MSRB should be aware of and commit attention to the needs of all governments, including smaller governments considerations such as the cost impacts and educational efforts needed to ensure their robust use of EMMA. Likewise, engaging technology and user-experience professionals to work with market participants to design a more efficient and intuitive front-end for information providers (issuers) and end users (investors and other interested parties) by improving how information is input, searched and displayed. Use these professionals to ensure the transfer of the data to the cloud was accurate and will evolve to ensure data uploads by issuers is more efficient and user-friendly.
- *Make data correction/modification easier for issuers.* Changing or correcting data is often unreasonably difficult or sometimes impossible for issuers attempting to provide timely, relevant and accurate disclosure of information. Correcting mistakes from previous self-filings by issuers and filings by underwriters should be simple technological tasks especially with the transition of EMMA data to the cloud. Similarly, issuers should be able to use a simple process to update information.

- *Allow for seamless flow of data between systems and sources.* Again, employ technology where appropriate to make data accurate, timely and meaningful across sources. The MSRB should implement quality control procedures to prevent systematic errors.

GFOA appreciates the staff and board outreach efforts that have already taken place in 2020. We will continue to set goals to have frequent discussions with the MSRB, such as debt committee calls, and we will work to extend that outreach to other issuer and market groups.

Rulemaking for Broker-Dealers and Municipal Advisors

GFOA supports continued regulation of these professionals, and the MSRB's purpose to do so. As the MSRB is looking to modernize its rulebook, we believe that such efforts should include eliminating unnecessary or duplicative standards, be done so with parity between participants, be clear to assist with compliance and understanding of how a rule serves to protect issuers (and investors). The MSRB should also resist implementing regulatory actions that could end up – directly or indirectly – being paid for by issuers.

Reduced Size of the Board

As GFOA commented in 2020⁵, our primary concern regarding the amendments to A-3 is issuer representation. The Exchange Act states that there must be “at least one” issuer on the Board. We continue to advocate for additional issuer representation, which the Board has incorporated in recent years. However, under these recent amendments, we are concerned that there is the potential for only one issuer represented on the Board.

The issuer community is vast and diverse and a similar representation on the MSRB Board would benefit the Board's consideration while fulfilling its mission. While a state level issuer may provide exceptional input on a host of matters that the MSRB is addressing, a state representative may not have the same perspectives and experiences as issuers from cities, counties, conduits and other types of issuers that comprise a majority of the issuer community. This same logic also works in the reverse whereas an issuer from a smaller government may not be able to represent sufficiently the experiences and views of a larger or state entity. Therefore, the MSRB should work to exceed its “at least one” issuer standard on an ongoing basis. As we suggested in 2020, the public members should be represented by 3 issuers, 3 investors, and 2 general public members.

⁵ GFOA Comment MSRB Release No. 2020-02 (<http://www.msrb.org/rfc/2020-02/Brock.pdf>)

Transparency – MSRB Operations

The MSRB continues to increase the transparency related to its activities. In 2010, we made the following recommendations regarding increased transparency and would like to reiterate them again a decade later:

- Meetings should be open, and allow for outside participation. While the MSRB has announced the topics covered in meetings ahead of time, we suggest that meeting agendas and minutes be posted, and that MSRB accepts comments related to agenda items.
- Regardless of the total number of board members, the number of issuer members should equal that of broker-dealers, financial advisors, investors and public members and the issuer members should be representative of the broad issuer community.
- The board and staff should look for systematic input from advisory groups and other outlets, of various market participants including issuers and investors. These advisory groups would facilitate meaningful input regarding the work of the MSRB.

Thank you for the Board's continued leadership and the vital work done on EMMA as well as the work to build developing a comprehensive rulemaking book and educational resources. We cannot stress enough the importance of maintaining dialogue and discussion about the MSRB's work related to the issuer community.

We are hopeful that in the coming weeks and months we can discuss these items further with MSRB staff and the Board, and generally increase issuer input into the MSRB's work.

Sincerely,

A handwritten signature in black ink that reads "Emily S. Brock". The signature is written in a cursive, flowing style.

Emily Swenson Brock
Director, Federal Liaison Center