

Proposed Rule Change by Municipal Securities Rulemaking Board
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial <input checked="" type="checkbox"/>	Amendment <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) <input checked="" type="checkbox"/>	Section 19(b)(3)(A) <input type="checkbox"/>	Section 19(b)(3)(B) <input type="checkbox"/>
Pilot <input type="checkbox"/>			Rule		
Extension of Time Period for Commission Action <input type="checkbox"/>			<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
Date Expires <input type="text"/>			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)	

Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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Description
Provide a brief description of the proposed rule change (limit 250 characters).

Proposed amendments to Rule G-11(i) (settlement of syndicate or similar account), Rule G-11(j) (payment of designations), and Rule G-12(i) (settlement of joint or similar account).

Contact Information
Provide the name, telephone number and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the proposed rule change.

First Name Last Name
 Title
 E-mail
 Telephone Fax

Signature
Pursuant to the requirements of the Securities Exchange Act of 1934,
Municipal Securities Rulemaking Board
has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized officer.

Date
 By Corporate Secretary
 (Name)

(Title)

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFF website.

Form 19b-4 Information

Add Remove View

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

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Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

Add Remove View

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of Proposed Rule Change

(a) The Municipal Securities Rulemaking Board (the “MSRB” or “Board”) is hereby filing with the Securities and Exchange Commission (the “SEC” or “Commission”) a proposed rule change consisting of amendments to Rule G-11(i) (settlement of syndicate or similar account), Rule G-11(j) (payment of designations), and Rule G-12(i) (settlement of joint or similar account). For the proposed amendments to Rule G-11, the MSRB requests that the amendments become effective for new issues of municipal securities for which the Time of Formal Award (as defined in Rule G-34(a)(ii)(C)(1)(a)) is more than 30 calendar days after the date the amendments are approved by the SEC. For the proposed amendments to Rule G-12, the MSRB requests that the amendments become effective for secondary market trading accounts formed more than 30 days after the date the amendments are approved by the SEC.

The proposed rule change is set forth below, with underlining indicating additions and brackets indicating deletions.

Rule G-11: New Issue Syndicate Practices

(a) – (h) No change.

(i) Settlement of Syndicate or Similar Account. Final settlement of a syndicate or similar account formed for the purchase of securities shall be made within [60] **30** calendar days following the date [all securities have been delivered by the syndicate or account manager] **the issuer delivers the securities** to the syndicate [or account members].

(j) Payments of Designations. **All syndicate or similar account members shall submit the allocations of their designations according to the rules of the syndicate or similar account to the syndicate or account manager within two business days following the date the issuer delivers the securities to the syndicate.** Any credit designated by a customer in connection with the purchase of securities as due to a member of a syndicate or similar account shall be distributed to such member by the broker, dealer or municipal securities dealer handling such order within [30] **10** calendar days following the date the issuer delivers the securities to the syndicate.

* * * * *

Rule G-12: Uniform Practice

(a) – (h) No change.

(i) Settlement of [Joint or Similar] **Secondary Market Trading** Account. Final settlement of a [joint or similar] **secondary market trading** account formed for the purchase of securities shall be made within [60] **30 calendar** days following the date all securities have been delivered by

the [syndicate or] account manager to the [syndicate or] account members.

(j) No change.

* * * * *

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was adopted by the MSRB at its July 23, 2009 meeting. Questions concerning this filing may be directed to Peg Henry, Associate General Counsel, at (703) 797-6600.

3. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

(a) The proposed rule change accelerates the settlement of syndicate accounts and secondary market trading accounts, and the payment of designations, by shortening certain time periods within the rules. These proposals are designed to reduce the exposure of syndicate and secondary market trading account members to the risk of potential deterioration in the credit of the syndicate or account manager during the pendency of account settlements. Since the existing rules were adopted in the 1970s, dealers and those firms who invoice them for syndicate expenses have adopted significantly more efficient billing and accounting systems. The MSRB believes that such systems make reductions in the time periods for distribution of syndicate and secondary market trading account profits feasible and not unduly burdensome to dealers. Furthermore, many fees are agreed upon in advance or can be estimated with considerable accuracy soon after settlement.

Currently, Rule G-11(i), on settlement of syndicate or similar account, requires that final settlement of an underwriting syndicate or similar account be made within 60 calendar days following the date all securities have been delivered by the syndicate or account manager to the syndicate or account members ("bond closing"). Rule G-11(j), on payments of designations, requires that any credit designated by a customer in connection with the purchase of new issue securities as due to a member of a syndicate shall be distributed to such member by any dealer handling such order within 30 calendar days following bond closing.

The proposed rule change changes the deadlines in Rule G-11 to 30 calendar days after bond closing for distributions (currently 60 calendar days) and 10 calendar days after bond closing for designations (currently 30 calendar days). To facilitate implementation of these reduced time periods, the MSRB also determined to add a new requirement that all syndicate

members submit their designations to the syndicate manager within two business days after bond closing.

Rule G-12(i), on settlement of joint or similar account, contains requirements for the settlement of joint or similar accounts formed in the secondary market. The rule currently requires that the settlement of these accounts be made within 60 days following the date all securities have been delivered by the syndicate or account manager to the syndicate or account members (“delivery date”). The proposed rule change changes the deadline in the rule to 30 calendar days following delivery date.

(b) The MSRB has adopted the proposed rule change pursuant to Section 15B(b)(2)(C) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), which provides that MSRB’s rules shall:

be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in municipal securities, to remove impediments to and perfect the mechanism of a free and open market in municipal securities, and, in general, to protect investors and the public interest.

The MSRB believes that the proposed rule change is consistent with the Exchange Act because it will further the free and open market in municipal securities by reducing the exposure of dealers to a potential deterioration of the credit of syndicate managers during the period prior to settlement of syndicate accounts and providing a comparable rule for the settlement of secondary market trading accounts.

4. Self-Regulatory Organization’s Statement on Burden on Competition

The MSRB does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Exchange Act since it would apply equally to all dealers.

5. Self-Regulatory Organization’s Statement on Comments Received on the Proposed Rule Changes by Members, Participants, or Others

On May 12, 2009, the MSRB requested comment on draft amendments to Rules G-11 and G-12.¹ The MSRB received comments on the proposed rule change from two

¹ See MSRB Notice 2009-20 (May 12, 2009).

commentators.²

First Southwest applauded the MSRB for proposing the changes to Rule G-11 and urged that they be adopted. No comment was made on the proposed change to Rule G-12. First Southwest also urged that the MSRB study how syndicates could be structured to eliminate the bankruptcy risk of the senior manager to the co-managers. The MSRB's Regulatory Review Special Committee gave preliminary consideration to potentially mandating such a structural change, and its initial review indicated that the cost of such a structural change likely would outweigh the potential benefits. Accordingly, the Committee chose to recommend to the full Board, and the Board approved, the proposed rule changes instead.

SIFMA applauded the MSRB for attempting to reduce the exposure of syndicate members to a potential deterioration in credit of the syndicate manager by means of the draft amendments to Rules G-11 and G-12. However, SIFMA only recommended that the changes to Rule G-12 be adopted. It opposed the proposed change to Rule G-11(i) that would require settlement of syndicate accounts within 30 calendar days rather than 60 calendar days for three reasons: (1) It said that, in many competitive deals, not all the bonds were sold within 30 days; (2) It said that many underwriters' counsel bills were not received within 30 days, particularly for new and complicated financings; and (3) It said that 30 calendar days usually amounted to only 20 business days, which it said was too short a period. SIFMA opposed the proposed changes to the Rule G-11(j) on payment of designations for two reasons. First, it said that the new rule requiring co-managers to inform the syndicate manager within two business days after closing of a bond issue was unduly burdensome to co-managers. Instead, it said that the syndicate manager should be required to obtain the information from the co-managers outside of MSRB rules. Second, SIFMA said that the shortening of the time period for payments of designations from 30 calendar days to 10 calendar days would unduly burden the syndicate manager, with minimal reduction in risk. SIFMA said that the periods for settlement of syndicate accounts and payment of designations should be the same: 60 days.

As to SIFMA's comment about the potential effect of the draft Rule G-11(i) changes on competitive underwritings, the Board concluded that only a small percentage of syndicates for competitive underwritings could not be settled within 30 days after closing of a bond issue and that, in such a case, the syndicate could be split up or any unsold bonds sold to a general account of the whole. The Board did not agree with SIFMA's comment regarding the timing of the receipt of underwriter's counsel bills. The Board also found that it was reasonable to require the payment of designations within 10 calendar days after closing of a bond issue and to require all

² Letter from Hill A. Feinberg, Chairman and Chief Executive Officer, First Southwest Company ("First Southwest") to Margaret C. Henry, dated June 26, 2009; Letter from Leslie M. Norwood, Managing Director and Associate General Counsel, Securities Industry and Financial Markets Association ("SIFMA") to Margaret C. Henry, dated June 29, 2009.

syndicate members to notify the syndicate manager of their designations within two business days after closing of a bond issue.

6. Extension of Time Period for Commission Action

The MSRB declines to consent to an extension of the time period specified in Section 19(b)(2) of the Exchange Act.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

Not applicable.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

Not applicable.

9. Exhibits

1. Federal Register Notice.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-MSRB-2009-12)

Self-Regulatory Organizations; Municipal Securities Rulemaking Board; Notice of Filing of Proposed Rule Change by the Municipal Securities Rulemaking Board Relating to Amendments to Rule G-11(i) (Settlement of Syndicate or Similar Account), Rule G-11(j) (Payment of Designations), and Rule G-12(i) (Settlement of Joint or Similar Account)

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on August 6, 2009, the Municipal Securities Rulemaking Board (the “MSRB”) filed with the Securities and Exchange Commission (the “Commission” or “SEC”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the MSRB. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The MSRB has filed with the Commission proposed amendments to Rule G-11(i) (settlement of syndicate or similar account), MSRB Rule G-11(j) (payment of designations), and MSRB Rule G-12(i) (settlement of joint or similar account). For the proposed amendments to Rule G-11, the MSRB requested that the amendments become effective for new issues of municipal securities for which the Time of Formal Award (as

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

defined in Rule G-34(a)(ii)(C)(1)(a)) is more than 30 calendar days after the date the amendments are approved by the SEC. For the proposed amendments to Rule G-12, the MSRB requested that the amendments become effective for secondary market trading accounts formed more than 30 days after the date the amendments are approved by the SEC.

The text of the proposed rule change is available on the MSRB's web site at www.msrb.org/msrb1/sec.asp, at the MSRB's principal office, and at the Commission's Public Reference Room.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Changes

In its filing with the Commission, the MSRB included statements concerning the purpose of and basis for the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The MSRB has prepared summaries, set forth in Sections A, B and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Changes

1. Purpose

The proposed rule change accelerates the settlement of syndicate accounts and secondary market trading accounts, and the payment of designations, by shortening certain time periods within the rules. These proposals are designed to reduce the exposure of syndicate and secondary market trading account members to the risk of potential deterioration in the credit of the syndicate or account manager during the pendency of account settlements. Since the existing rules were adopted in the 1970s, dealers and those firms who invoice them for syndicate expenses have adopted

significantly more efficient billing and accounting systems. The MSRB believes that such systems make reductions in the time periods for distribution of syndicate and secondary market trading account profits feasible and not unduly burdensome to dealers. Furthermore, many fees are agreed upon in advance or can be estimated with considerable accuracy soon after settlement.

Currently, Rule G-11(i), on settlement of syndicate or similar account, requires that final settlement of an underwriting syndicate or similar account be made within 60 calendar days following the date all securities have been delivered by the syndicate or account manager to the syndicate or account members (“bond closing”). Rule G-11(j), on payments of designations, requires that any credit designated by a customer in connection with the purchase of new issue securities as due to a member of a syndicate shall be distributed to such member by any dealer handling such order within 30 calendar days following bond closing.

The proposed rule change changes the deadlines in Rule G-11 to 30 calendar days after bond closing for distributions (currently 60 calendar days) and 10 calendar days after bond closing for designations (currently 30 calendar days). To facilitate implementation of these reduced time periods, the MSRB also determined to add a new requirement that all syndicate members submit their designations to the syndicate manager within two business days after bond closing.

Rule G-12(i), on settlement of joint or similar account, contains requirements for the settlement of joint or similar accounts formed in the secondary market. The rule currently requires that the settlement of these accounts be made within 60 days following the date all securities have been delivered by the syndicate or account manager to the

syndicate or account members (“delivery date”). The proposed rule change changes the deadline in the rule to 30 calendar days following delivery date.

2. Statutory Basis

The MSRB has adopted the proposed rule change pursuant to Section 15B(b)(2)(C) of the Exchange Act, which provides that MSRB’s rules shall:

be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in municipal securities, to remove impediments to and perfect the mechanism of a free and open market in municipal securities, and, in general, to protect investors and the public interest.

The MSRB believes that the proposed rule change is consistent with the Act because it will further the free and open market in municipal securities by reducing the exposure of dealers to the potential deterioration of the credit of syndicate managers during the period prior to settlement of syndicate accounts and providing a comparable rule for the settlement of secondary market trading accounts.

B. Self-Regulatory Organization’s Statement on Burden on Competition

The MSRB does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act since it would apply equally to all dealers.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

On May 12, 2009, the MSRB requested comment on draft amendments to Rules G-11 and G-12.³ The MSRB received comments on the proposed rule change from two commentators.⁴

First Southwest applauded the MSRB for proposing the changes to Rule G-11 and urged that they be adopted. No comment was made on the proposed change to Rule G-12. First Southwest also urged that the MSRB study how syndicates could be structured to eliminate the bankruptcy risk of the senior manager to the co-managers. The MSRB's Regulatory Review Special Committee gave preliminary consideration to potentially mandating such a structural change, and its initial review indicated that the cost of such a structural change likely would outweigh the potential benefits. Accordingly, the Committee chose to recommend to the full Board, and the Board approved, the proposed rule changes instead.

SIFMA applauded the MSRB for attempting to reduce the exposure of syndicate members to a potential deterioration in credit of the syndicate manager by means of the draft amendments to Rules G-11 and G-12. However, SIFMA only recommended that the changes to Rule G-12 be adopted. It opposed the proposed change to Rule G-11(i) that would require settlement of syndicate accounts within 30 calendar days rather than 60 calendar days for three reasons: (1) It said that, in many competitive deals, not all the

³ See MSRB Notice 2009-20 (May 12, 2009).

⁴ Letter from Hill A. Feinberg, Chairman and Chief Executive Officer, First Southwest Company ("First Southwest") to Margaret C. Henry, dated June 26, 2009; Letter from Leslie M. Norwood, Managing Director and Associate General Counsel, Securities Industry and Financial Markets Association ("SIFMA") to Margaret C. Henry, dated June 29, 2009.

bonds were sold within 30 days; (2) It said that many underwriters' counsel bills were not received within 30 days, particularly for new and complicated financings; and (3) It said that 30 calendar days usually amounted to only 20 business days, which it said was too short a period. SIFMA opposed the proposed changes to the Rule G-11(j) on payment of designations for two reasons. First, it said that the new rule requiring co-managers to inform the syndicate manager within two business days after closing of a bond issue was unduly burdensome to co-managers. Instead, it said that the syndicate manager should be required to obtain the information from the co-managers outside of MSRB rules. Second, SIFMA said that the shortening of the time period for payments of designations from 30 calendar days to 10 calendar days would unduly burden the syndicate manager, with minimal reduction in risk. SIFMA said that the periods for settlement of syndicate accounts and payment of designations should be the same: 60 days.

As to SIFMA's comment about the potential effect of the draft Rule G-11(i) changes on competitive underwritings, the Board concluded that only a small percentage of syndicates for competitive underwritings could not be settled within 30 days after closing of a bond issue and that, in such a case, the syndicate could be split up or any unsold bonds sold to a general account of the whole. The Board did not agree with SIFMA's comment regarding the timing of the receipt of underwriter's counsel bills. The Board also found that it was reasonable to require the payment of designations within 10 calendar days after closing of a bond issue and to require all syndicate members to notify the syndicate manager of their designations within two business days after closing of a bond issue.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 35 days of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding, or (ii) as to which the self-regulatory organization consents, the Commission will:

- (A) by order approve the proposed rule change, or
- (B) institute proceedings to determine whether the proposed rule change should be disapproved.

For the proposed amendments to Rule G-11, the MSRB requested that the amendments become effective for new issues of municipal securities for which the Time of Formal Award (as defined in Rule G-34(a)(ii)(C)(1)(a)) is more than 30 calendar days after the date the amendments are approved by the SEC. For the proposed amendments to Rule G-12, the MSRB requested that the amendments become effective for secondary market trading accounts formed more than 30 days after the date the amendments are approved by the SEC.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>);
- or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-

MSRB-2009-12 on the subject line.

Paper comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-MSRB-2009-12. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 am and 3:00 pm. Copies of such filing also will be available for inspection and copying at the principal office of the MSRB. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-MSRB-2009-12 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission by the Division of Trading and Markets, pursuant to delegated authority.⁵

Elizabeth M. Murphy
Secretary

⁵ 17 CFR 200.30-3(a)(12).



**MSRB Notice 2009-20
(May 12, 2009)**

**Request for Comment Regarding Settlement of
Syndicate Accounts under Rule G-11 and Secondary
Market Trading Accounts under Rule G-12**

The Municipal Securities Rulemaking Board (the “MSRB”) is requesting comment on draft amendments to Rule G-11, on new issue syndicate practices, and Rule G-12, on uniform practice. The draft amendments would accelerate the settlement of syndicate accounts and secondary market trading accounts, and the payment of designations, by shortening certain time periods within the rules. These proposals are designed to reduce the exposure of syndicate and secondary market trading account members to the risk of potential deterioration in the credit of the syndicate or account manager during the pendency of account settlements. Since the existing rules were adopted in the 1970s, brokers, dealers and municipal securities dealers (“dealers”) and those firms who invoice them for syndicate expenses have adopted significantly more efficient billing and accounting systems. The MSRB believes that such systems make reductions in the time periods for distribution of syndicate and secondary market trading account profits feasible and not unduly burdensome to dealers. Furthermore, many fees are agreed upon in advance or can be estimated with considerable accuracy soon after settlement.

DRAFT AMENDMENTS TO RULE G-11

Currently, Rule G-11(i), on settlement of syndicate or similar account, requires that final settlement of a syndicate or similar account be made within 60 calendar days following the date all securities have been delivered by the syndicate or account manager to the syndicate or account members. Rule G-11(j), on payments of designations, requires that any credit designated by a customer in connection with the purchase of securities as due to a member of a syndicate shall be distributed to such member by any dealer handling such order within 30 calendar days following the date the issuer delivers the securities to the syndicate.

The draft amendments would change the deadlines in Rule G-11 to 30 calendar days after settlement of an issue for distributions (currently 60 calendar days) and 10 calendar days after settlement of an issue for designations (currently 30 calendar days). To facilitate implementation of these reduced time periods, the MSRB also determined to add a new requirement that all syndicate members submit their designations to the syndicate manager within two business days after settlement of an issue.

DRAFT AMENDMENTS TO RULE G-12

Rule G-12(i), on settlement of joint or similar account, contains requirements for the settlement of joint or similar accounts formed in the secondary market. The rule currently requires that the settlement of these accounts be made within 60 days following settlement. The draft amendments would change the deadline in the rule to 30 calendar days following settlement.

* * * * *

Comments about the draft amendments should be submitted to the MSRB by June 26, 2009, and may be directed to Margaret C. Henry, Associate General Counsel. Written comments will be available for public inspection upon request and also will be posted on the MSRB website.¹

May 12, 2009

TEXT OF DRAFT AMENDMENTS²

Rule G-11: New Issue Syndicate Practices

(a) – (h) No change.

(i) Settlement of Syndicate or Similar Account. Final settlement of a syndicate or similar account formed for the purchase of securities shall be made within ~~60~~ **30** calendar days following the date ~~all securities have been delivered by the syndicate or account manager~~ the issuer delivers the securities to the syndicate or account members.

(j) Payments of Designations. All syndicate or similar account members shall submit the allocations of their designations according to the rules of the syndicate or similar account to the syndicate or account manager within two business days following the date the issuer delivers the securities to the syndicate. Any credit designated by a customer in connection with the purchase of securities as due to a member of a syndicate or similar account shall be distributed to such member by the broker, dealer or municipal securities dealer handling such order within ~~30~~ **10** calendar days following the date the issuer delivers the securities to the syndicate.

* * * * *

¹ All comments received will be made publicly available without change. Personal identifying information, such as names or e-mail addresses, will not be edited from submissions. Therefore, commentators should submit only information that they wish to make available publicly.

² Underlining indicates new language; strikethrough denotes deletions.

Rule G-12: Uniform Practice

(a) – (h) No change.

(i) Settlement of ~~Joint or Similar~~ Secondary Market Trading Account. Final settlement of a ~~joint or similar~~ secondary market trading account formed for the purchase of securities shall be made within ~~60~~ 30 calendar days following the date all securities have been delivered by the ~~syndicate or~~ account manager to the ~~syndicate or~~ account members.

(j) No change.

**Alphabetical List of Comment Letters on MSRB Notice 2009-20 (May 12, 2009)
Relating to Settlement of Syndicate Accounts under Rule G-11 and Secondary
Market Trading Accounts under Rule G-12**

1. First Southwest Company: Letter from Hill A. Feinberg, Chairman, Chief Executive Officer, dated June 26, 2009
2. Securities Industry and Financial Markets Association: Letter from Leslie M. Norwood, Managing Director and Associate General Counsel, dated June 29, 2009



325 North St. Paul Street
Suite 800
Dallas, Texas 75201-3852

214.953-4128 Direct
214.720.9027 Fax

Hill A. Feinberg
Chairman
Chief Executive Officer

hfeinberg@firstsw.com

June 26, 2009

Via Email phenry@msrb.org
Via FedEx Standard Overnight TRK# 7977 1669 8142
Ms. Margaret C. Henry
Associate General Counsel
Municipal Securities Rulemaking Board
1900 Duke Street, Suite 600
Alexandria, VA 22314-3461

Dear Ms. Henry:


We at First Southwest Company wish to make the following comments to the proposed amendments to Rule G-11 regarding changes to the settlement of municipal syndicates. We applaud the Municipal Securities Rulemaking Board for its proactive approach to addressing the need for quicker settlement of syndicate accounts. However, we would like the Board to consider further refinements to Rule G-11.

As you are aware, municipal syndicates are governed by agreements among underwriters concerning their participation in syndicate profits and liabilities. These agreements are usually for the life of a bond issue. Quicker settlement today of syndicates' current obligations can mitigate this risk but does not recognize a long term problem. The proposal does not address long term liabilities that may arise out participation in a syndicate, particularly legal challenges that may be lengthy and costly as seen in the past.

We believe that syndicates should be structured in such a manner that any money held in the syndicate is for the benefit of the participating underwriters from the moment of inception and then paid out according to the proposed G-11 amendment deadline. There should be a provision that underwriters in bankruptcy, or similar proceeding, may have a deferred liability to the syndicate that should be factored into any such proceeding. A firm in bankruptcy, or similar proceeding, should not be able to use other syndicate members' profits, while at the same time increasing its future liability owed the syndicate.

As you can see, these are complex credit and legal issues. In seeking to reduce this exposure to remaining underwriting firms, we urge the Board to adopt the proposed amendments and to undertake a study in the near future of how syndicates can be structured to protect participating underwriters from the effects of bankruptcy, or similar proceeding, of another syndicate member.

Sincerely,



Hill A. Feinberg
Chairman
Chief Executive Officer

June 29, 2009

Margaret C. Henry
Associate General Counsel
Municipal Securities Rulemaking Board
1900 Duke Street
Suite 600
Alexandria, VA 22314

Re: MSRB Notice 2009-20: Request for Comment Regarding Settlement of
Syndicate Accounts Under Rule G-11 and Secondary Market Trading Accounts
Under Rule G-12

Dear Ms. Henry:

The Securities Industry and Financial Markets Association (“Association”)¹ appreciates this opportunity to respond to Notice 2009-20 issued by the Municipal Securities Rulemaking Board (“MSRB”) (the “Notice”) in which the MSRB requests comment on its proposed draft amendments to Rule G-11, on new issue syndicate practices, and Rule G-12, on uniform practice, which would accelerate the settlement of syndicate accounts and secondary market trading accounts and the payment of designations. SIFMA understands that the proposals are intended to reduce the exposure of the syndicate and secondary market trading account members to the potential deterioration in the credit of the syndicate or account manager, and applauds the MSRB for its efforts to address this issue. SIFMA supports the proposed change to Rule G-12, but wishes to express some concerns over the proposed changes to Rule G-11.

Proposed Amendments to Rule G-12

SIFMA supports the proposed change to Rule G-12 which would accelerate the requirement for final settlement of secondary market trading accounts from 60 calendar days to 30 calendar days following the date all securities have been delivered by the account manager to the account members. Secondary market trading accounts typically have no third-party expenses

¹ The Association, or “SIFMA,” brings together the shared interests of more than 650 securities firms, banks and asset managers. SIFMA’s mission is to promote policies and practices that work to expand and perfect markets, foster the development of new products and services and create efficiencies for member firms, while preserving and enhancing the public’s trust and confidence in the markets and the industry. SIFMA works to represent its members’ interests locally and globally. It has offices in New York, Washington D.C., and London and its associated firm, the Asia Securities Industry and Financial Markets Association, is based in Hong Kong.

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that are charged to the account, so the account manager typically has certainty regarding the account's expenses. Therefore, SIFMA feels that shortening the final settlement date for secondary market trading accounts does reduce risk, and does not create undue burden on the account manager.

Proposed Amendments to Rule G-11

The first proposed amendment to Rule G-11 accelerates the requirement for final settlement of syndicate accounts from 60 calendar days following the date all securities have been delivered by the syndicate or account manager to the syndicate members to 30 calendar days following the date the issuer delivers the securities to the syndicate. Many SIFMA members expressed concerns over this proposed rule change. Broker dealers that engage in competitively underwritten transactions noted that, since they do not even start selling bonds until they win the competitive bid, it is not uncommon for syndicate accounts to have unsold bonds 30 calendar days after the issuer delivers the securities to the syndicate. The current market conditions and volatility create additional problems with clearing bonds out of a competitive syndicate. Broker dealers that underwrite negotiated transactions noted that, particularly in transactions involving new credits, structures, or products, all the syndicate's expenses may not be final within 30 calendar days after the issuer delivers the securities to the syndicate. Although many expenses can be estimated prior to first settlement, additional unexpected expenses can arise in conjunction with the closing of the transaction and delivery of the bonds by the issuer to the syndicate. Specifically, it is not uncommon for underwriters' counsel fees to increase to cover unexpected work outside the original fee estimate in transactions involving new credits, structures, and products. Final bills from underwriters' counsel may take many weeks to arrive, and the receipt of such bills are out of the direct control of the senior manager. This situation has occurred numerous times recently as new products such as Build America Bonds and newly-authorized tax credit bonds come to market. Also, taking into account weekends and possible holidays, 30 calendar days can be a mere 20 business days, which many members feel is an insufficient amount of time to finalize the expenses of the syndicate account. SIFMA members feel strongly that a syndicate should be settled only once with a final accounting of the profit or loss. Therefore, due to the potential for unsold bonds in competitive syndicates, uncertain expenses in complex negotiated syndicates, and potential holidays, SIFMA feels that accelerating the rule requirement for settlement of syndicate accounts to 30 calendar days after the issuer delivers the securities to the syndicate will be unduly burdensome to the industry, and will not be flexible enough to account for current market conditions and developments.

Regarding payment of designations, the proposed rule change requires that all syndicate or similar account members shall submit the allocations of their designations according to the rules of the syndicate or similar account to the syndicate or account manager within two business days following the date the issuer delivers the securities to the syndicate. SIFMA members feel

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that this change is unwarranted and puts the co-managers under significantly tighter deadlines than the senior manager. SIFMA members feel that the manager should be responsible, outside of MSRB rules, for obtaining the allocations of their designations from the co-managers. Additionally, this proposal would be very burdensome in transactions with a short settlement period by the issuer.

The proposed amendments also accelerate the time for distribution of credit designated by a customer in connection with the purchase of securities due to a member of a syndicate account from 30 calendar days to 10 calendar days following the date the issuer delivers the securities to the syndicate. Many SIFMA members felt that the shortening of this timeframe would greatly increase the administrative demands on the broker dealers that serve as senior managers, with a minimal reduction in risk to the syndicate members. Many SIFMA members also felt that the timeframes for settlement of the syndicate account and the payment of designations should be the same. This harmonization of the two parts of the rule would result in a reduction in administrative costs for syndicate managers and compliance simplification.

Conclusion

We appreciate this opportunity to comment on these proposed rule changes. If you have any questions concerning these comments, or would like to discuss these comments further, please feel free to contact the undersigned at 212.313.1130 or via email at lnorwood@sifma.org.

Respectfully,

A handwritten signature in black ink, appearing to be 'L. Norwood', written in a cursive style.

Leslie M. Norwood,
Managing Director
and Associate General Counsel

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June 29, 2009
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cc: ***Securities Industry and Financial Markets Association***
Municipal Executive Committee
Municipal Policy Committee
Municipal Legal Advisory Committee
Municipal Syndicate & Trading Committee