

December 13, 2011

Ms. Peg Henry, General Counsel, Market Regulation
Municipal Securities Rulemaking Board
1600 Duke St.
Suite 600
Alexandria, Virginia 22314

Dear Ms. Henry:

TMC Bonds L.L.C. (“TMC”), formerly, TheMuniCenter, welcomes the opportunity to comment on the Municipal Securities Rulemaking Board’s (“MSRB’s”) proposed changes to the 2002 notice with respect to “sophisticated municipal market professionals” (“SMMPs”). TMC Bonds is an electronic marketplace that has been using the existing SMMP notice as the primary guideline for evaluating institutional accounts in the municipal application. We thoroughly agree with the notion that, in the intervening decade since the original release of the notice, the market has developed to the extent that participants have vastly expanded access to information on market structure and behavior, up-to-date information on material and credit events, and access to trading history on individual securities, much of this courtesy of the MSRB’s efforts. Also, we find it appropriate that the Board has chosen to simplify the definition of SMMP and to conform the definitions to FINRA Rule 2111.

TMC’s most substantive comment on the proposed revisions pertains to the \$50mm-in-municipal-assets component of the proposed safe harbor. Our belief is that ownership of municipals is not a prerequisite to being an SMMP. There are myriad institutional accounts that, from time to time, choose to invest in municipals for relative value reasons, even though such accounts do not hold tax-exempt securities as a core asset. An extreme example would be that of a hedge fund with billions of dollars in assets in taxable fixed income securities, that decides that a large relative value trade in municipals makes sense for the fund. In such a case, this fund would not be in the safe harbor as the proposed notice defines it, even though the investor clearly would be “sophisticated” and capable of evaluating the risks and potential benefits of the trade. As a result, we feel that the asset test, with respect to the safe harbor, should simply be \$50mm in direct fixed income assets, not necessarily \$50mm in municipals.

As indicated, we agree with the Board's effort to align the definition of SMMP with FINRA Rule 2111. Our only observation here is to encourage the Board to make the attestation process, whereby the client asserts that it is an SMMP, flexible and easy to administer. Also, it would be helpful if the Board clarified whether dealers need to get attestation from existing clients, who have already been vetted as SMMPs under the 2002 release, given that any existing SMMP client would almost certainly qualify under the new notice.

Many thanks for the opportunity to respond.

Sincerely,

John S. Craft
Director of Sales & Marketing
TMC Bonds L.L.C.