

November 1, 2011

Municipal Securities Rulemaking Board

Re: MSRB Notice 2011-50  
Request for Comment on Revised Draft Rule G-43

Gentlemen:

Within the MSRB's Response to Comments: Erroneous Bids—Draft Rule G-43(c)(vi), part of the response reads as follows:

“Revised Draft Rule G-43 would not prohibit broker's brokers from notifying all bidders about material changes in a bid-wanted item or offered item (e.g., a change in the amount) or a change in the description that was advertised (e.g., the addition of a sinking fund or call), although Rule G-43(b)(iv) would prohibit the provision of that information to certain bidders on a preferential basis.”

My question is this: If there is a material change in the description of a bond being advertised for the bid, e.g., the amount is incorrect, a call feature or sinking fund is not properly described, or if a municipal bond is taxable and is not advertised as such, is not the item as incorrectly advertised simply invalid and any bids null and void? As opposed to the broker's broker not being “prohibited” from notifying all bidders about material changes in a bid wanted item, should not the broker's broker be obliged to notify all bidders that the item was incorrectly described, all bids are void, and have the seller resubmit the item for the bid if the seller so chooses?

Can a potential buyer of any security, municipal or otherwise, be held to his/her bid if the security is advertised incorrectly in a material way? If an intermediary in the transaction becomes aware of the problem, should not the intermediary be obliged to halt the process?

Sincerely,

Paul Larkin  
President  
Vista Securities, Inc.