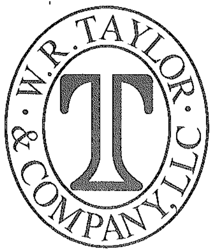

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August 7, 2008

via Federal Express

Mr. Justin R. Pica, Uniform Policy Advisor
Municipal Securities Rulemaking Board
Suite 600
1900 Duke Street
Alexandria, Virginia 22314

Re: MSRB Notice 2008-24 Plan for Increasing Information Available for Municipal Variable Rate Demand Obligations ("VRDOs")

Dear Mr. Pica:

In response to the request for comments which the MSRB has solicited with respect to the above-referenced notice, we would suggest to you that the proposed rule changes, and in particular changes to the nature and timing of reporting requirements of weekly reset VRDOs, are both unnecessary and unduly burdensome to remarketing agents of municipal bond issues.

The fact that the market has recently experienced problems with respect to Auction Rate Securities ("ARSs"), or the fact that numerous ARSs may have been converted to VRDOs, does not justify imposing additional, meaningless requirements on broker/dealers with respect to VRDOs. No inherent market problem exists with regard to VRDOs, and nothing in our experience leads us to believe that the additional reporting requirements will be of service to either the issuers of, or the purchasers of, VRDOs.

Unlike ARSs, where the market *must come to the security* (creating the possibility of a failed auction leaving a security holder with a fixed rate instrument for which there is no market), with VRDOs the security *goes to the market* (with virtually no chance that a security holder will be left holding an unwanted debt instrument). Unlike ARSs, VRDOs have a "put" feature that allows the security holder to put the VRDOs back to a remarketing agent on short notice (usually 7 days). The security holder who puts the VRDO is paid, and, rather than wait for someone to bid on the VRDO, the remarketing agent proactively seeks a new buyer for the VRDO, with the new rate for the VRDO being determined by a variety of market factors, such as supply and demand, cash availability, competing investments, and liquidity requirements.

Even if a put by a security holder were to result in a "failed remarketing" (an occurrence which has never occurred within the scope or knowledge of this firm's remarketing activities), since VRDOs are almost always backed by a letter or letters of credit from highly-rated banks or other similar financial institutions, the security holder who has put its VRDOs is paid in full by a draw on the letter of credit, and the VRDOs then belong to the letter of credit provider which holds them as "pledged bonds" until such time as the VDRO market has stabilized and the VRDOs can, again, be remarketed to sophisticated investors.

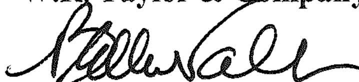
In short, unlike ARSs, there is virtually no chance that the holder of a VRDO will not be able to liquidate its interest in the VRDO in a timely fashion and exactly upon the terms to which the VRDO security holder initially agreed and understood to be the case.

In addition to being unnecessary, the proposed MSRB VRDO information reporting requirement is unreasonably burdensome—particularly so for relatively-small brokers/dealers—and would operate to put smaller broker/dealers at a competitive disadvantage.

For these and other reasons, we believe that the MSRB should reconsider its proposal regarding VRDOs, or alternatively, should exempt from any reporting requirement VRDOs which are backed by letters of credit issued by rated banks or financial institutions.

Very truly yours,

W.R. Taylor & Company, LLC



Belle Walker
Senior Vice President