

In response to the MSRB's request for comment on a proposal to prohibit brokers, dealers and municipal securities dealers from using the term "not reoffered" or "NRO" in any written communication unless it also included the initial offering price or yield information about the applicable new issue of municipal securities, I would like to respectfully submit comments addressing concerns related to this proposed rule change.

First, on new issue bond syndicates, the first two maturities often go "sealed bid". This means that the syndicate member is bidding a net yield (as his or her cost) that will be marked up in price afterwards. The syndicate member isn't allowed to bid a yield and concession under the terms of sealed bidding. To comply with the proposal, the syndicate member should be required to give his or her reoffering yield/price afterward.

Second, most notes are issued as "NRO". The underwriter must give the intended reoffering price to bond counsel for the IRS form 8038 at the time of the award. This could be used as the reoffering price.

Finally, the last sentence in the paragraph below from MSRB Notice 2012-14 states "the price or yield that the maturity will be sold." Bonds or notes that are bought for inventory cannot definitively state the final sale price because that is to be determined in the future. There are no guarantees that a dealer can achieve the intended price.

While underwriters are required to submit complete information about initial offering prices or yields (including maturities designated as NRO) pursuant to MSRB Rules G-32 and G-34, an underwriter is not currently required to include such information for maturities designated as NRO when disseminating information about a new issue to other parties, including third-party information vendors. As a result, information subsequently disseminated by dealers about a maturity designated as NRO through marketplace channels typically does not include the price or yield at which the maturity will be sold.

Regards,

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Should you have any questions or need further clarification on the points made above, please contact:

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