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Mr. Ronald W. Smith
Corporate Secretary
MSRB
1900 Duke Street Suite 600
Alexandria, VA 22314

Sent via email to CommentLetters@msrb.org

Re: MSRB Notice 2012-28

Dear Mr. Smith:

Thank you for the opportunity to comment on MSRB Notice 2012-28. FirstSouthwest has long been an advocate of rules that promote transparency of underwriters and municipal advisors, many of which were unregulated prior to the Dodd-Frank Act. We believe the proposed disclosure of third-party payments will encourage a level playing field and provide clear information on conflicts of interest.

First and foremost, FirstSouthwest feels that the proposal of municipal advisor disclosure rules is premature at this time. As you are aware, a formal definition of "municipal advisor" has not been established as of yet. Before rules related to municipal advisors can be discussed, regulators must determine who would be subject to the proposed regulations. Nevertheless, FirstSouthwest offers the following comments on the Notice as it is written.

In today's market an issuance often involves third parties, particularly when a transaction is large or complex. The utilization of service providers such as attorneys, rating agencies, consultants, and other professionals is widespread. It is common for municipal advisors to facilitate the transaction by paying such entities on behalf of issuers. As these are ordinary expenses in the course of a transaction, we feel that disclosure of such payments would be unnecessary. We therefore request that the disclosure be limited to such payments that are not "related to the execution of a transaction".

Certainly, the examples of misconduct cited in the Concept Proposal are not related to the execution of a transaction and would thus be subject to disclosure. This would eliminate disclosure of items that are routinely paid as part of bringing a deal to market, and thus a large volume of unnecessary disclosure would be eliminated. Capturing only the payments that represent a conflict of interest and not those made in the normal course of business would be beneficial to investors, issuers, regulators, municipal advisors and underwriters alike.

Often, such payments are made pursuant to a contract that our client has with such an entity. Another method of preserving meaningful disclosure while reducing the amount of "traffic" generated would be to exempt any payments by the financial advisor or underwriter which were made pursuant to a contract between the issuer and the third party. Such payments are made at the direction of the issuer and therefore their disclosure has little value.

FirstSouthwest believes that if the Concept Proposal was implemented as described in MSRB Notice 2012-28 and municipal advisors and underwriters were required to disclose payments made in the normal course of business, the effect would be that some financial advisors and underwriters may no longer be willing to make such payments on behalf of clients, or may raise their fees to offset the additional costs of such disclosure. This ultimately will hurt the issuers as their administrative burdens or their costs increase.

In closing, FirstSouthwest believes that no matter which path MSRB adopts to curb such payments, rigorous enforcement will be required to ensure a level playing field. Only after such a definition is reached can the industry be assured that all market participants are held to the same standard. Therefore, it is imperative that a definition of municipal advisors is agreed upon so that each of the firms that serve in this critical capacity be subject to the same standards.

Thank you again for the opportunity to address this proposed rule. Please contact me directly if you have any questions or wish for me to expand on my comments.

Sincerely yours,

Robert Coulter

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Senior Vice President
Chief Administrative Officer