



Government Finance Officers Association
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August 1, 2012

Mr. Ronald W. Smith
Corporate Secretary
Municipal Securities Rulemaking Board
1900 Duke Street, Suite 600
Alexandria, VA 22314

RE: MSRB Notice 2012-28; Proposal to Provide for Public Disclosure of Financial Incentives Paid or Received by Dealers and Municipal Advisors Representing Potential Conflicts of Interest

Dear Mr. Smith:

Thank you very much for the opportunity to comment on MSRB Notice 2012-28, regarding the disclosure of financial incentives by dealers and municipal advisors where potential conflicts of interest may arise. The GFOA represents over 17,000 public finance professionals across the United States who are responsible for the budgeting, accounting, investing and debt management for their cities, counties, special districts and states.

Per the Notice, the MSRB is considering whether to require dealers and municipal advisors to disclose, through EMMA, certain payments and receipts in connection with their activities in the municipal securities arena. Through discussions with members of the GFOA's Committee on Governmental Debt Management, the consensus among some of our members is that the disclosure of these potential conflicts of interest through the EMMA system, may be a worthwhile goal, and should be formally proposed by the MSRB.

A key issue raised by our members, however, is that any potential rulemaking in this area should not be too burdensome or overly detailed. Determining where to draw the line on the information that should be provided is not an easy task, but a task where common sense should be a guiding principle.

In response to some of the questions posted in the Notice, we suggest the following –

We are uncertain if the terms of agreements, scope of work and fees charged by underwriters and municipal advisors to issuers should be disclosed, and believe that a considerable amount of additional conversation between interested parties should occur about this particular issue before rulemaking is proposed. However, if such type of information is deemed appropriate, it should not be addressed in this rule, which is aimed more toward conflicts of interest, but rather in separate rulemaking. A payment between a professional and the issuer is a business transaction, not a conflict of interest.

The amount of the (to be determined) vendor payment made by the underwriter or municipal advisor should be provided, or in lieu of a specific amount, the MSRB may wish to consider having ranges that could be marked as the amount. At this time, we do not have an opinion on in-kind or quid-pro-quo payments.

The Notice indicates that some commercially reasonable payments should be exempted. We agree that this is appropriate, both in concept and with the examples listed in the Notice, and when determining these types of exemptions, again we should stress the need for common sense to apply.

While we are unable to lend an opinion at this time regarding how and when disclosures should be made, having the professionals keep an ongoing list of payments, similar to current G-37 responsibilities seems reasonable.

In states where underwriter and municipal advisor disclosure filings are already mandated, we support allowing those professionals to submit their state forms to EMMA to meet any new MSRB requirements. Developing a standardized form may also be helpful to professionals, and assist with easier access and understanding of the information provided.

As the MSRB continues to develop possible proposals in the area of underwriter and municipal advisor disclosures, we welcome to the opportunity to talk with the Board and staff about these issues, and provide additional comments on possible forthcoming proposed rulemaking in this area.

Thank you for the opportunity to submit comments on this important issue.

Sincerely,

A handwritten signature in cursive script that reads "Susan Gaffney". The signature is written in black ink and is positioned above the typed name and title.

Susan Gaffney
Director, Federal Liaison Center