



**National Association of Independent
Public Finance Advisors**

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August 13, 2012

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

RE: MSRB Notice 2012-36

The National Association of Independent Public Finance Advisors ("NAIPFA") appreciates this opportunity to provide suggestions to the Municipal Securities Rulemaking Board (the "MSRB") in regard to MSRB Notice 2012-36 – Request for Comment on Draft Amendment to Limit Dealer Consents to Changes in Authorizing Document for Municipal Securities (the "Notice").

NAIPFA understands the MSRB's desire to protect the interests of investors, and believes that the proposed amendments to MSRB Rule G-11 (the "Rule") adequately accomplish this objective. However, NAIPFA is concerned with regard to matters not specifically addressed within the Notice, namely, the lack of clear direction with respect to which party or parties are to bear the burden of obtaining the necessary bondholder consents.

NAIPFA believes that the majority of discussions relating to the amendment of authorizing documents are initiated by underwriters or remarketing agents, not issuers or municipal advisors, and that this is most prevalent in new, negotiated offerings of municipal securities. As such, NAIPFA is concerned that the Rule will place unnecessary and undue regulatory burdens on issuers or their municipal advisors, with possible negative impacts on these market participants as well as the public interest. These concerns stem primarily from the lack of clarity within the Notice as to who is to be the party(ies) responsible for obtaining consents and which party(ies) is to bear the cost of obtaining those consents.

The proposed revisions to the Rule seek to establish a general rule which would curtail a dealer's ability to provide consents on behalf of bondholders. However, because the proposed amendment fails to address the issue of which party is to obtain bondholder consents, NAIPFA is concerned that this responsibility will be placed upon issuers or municipal advisors. Such a result will likely increase the issuer's borrowing costs, delay the issuance of securities, possibly significantly, and negatively impact the public interest through higher costs of issuance and through a reduction in issuance efficiency. This possible outcome is all the more likely to occur due to the current lack of effective and efficient available mechanisms to be utilized for the collection of bondholder consents.



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Since issuer and municipal advisors are not well positioned to undertake the task of compiling bondholder consents, NAIPFA does not believe that the responsibility of obtaining these consents should fall on the shoulders of either of these parties. Rather, the responsibility of obtaining consents should lie with the underwriter or remarketing agent as they are the party who can most expeditiously and efficiently obtain these consents.

Further, and as noted above, it is NAIPFA's understanding that in a majority of instances it is the underwriter or remarketing agent who proposes the amendments to the prior authorizing documents. Therefore, it would seem appropriate that they be the party that bears the burden of obtaining those consents. Although the costs of obtaining consents may ultimately be passed onto the issuer, NAIPFA believes that underwriters and remarketing agents are the best positioned market participants to obtain this information and at the lowest cost.

NAIPFA agrees that the protection of investor interests is an important objective and understands that the MSRB is obligated to do so. In addition, it is likely that the proposed amendments to the Rule will accomplish this goal. However, NAIPFA is concerned that the Rule's lack of clarity as to who is to obtain the bondholders' consent poses a potential risk to both issuers and municipal advisors who may unexpectedly find themselves in a position where they are obligated to undertake the task of obtaining the consent of the bondholders. This will likely increase borrowing costs and may cause securities issuances to be conducted less efficiently, which may thereby cause harm to the public interest.

Therefore, NAIPFA proposes that the Rule be further amended or that interpretive guidance be developed to clarify that, generally, the responsibility of obtaining bondholder consents to amendments to authorizing documents should lie with the underwriter or remarketing agent. Such a rule would ensure that the burden of obtaining bondholder consents is placed with the appropriate party to the transaction; this would minimize the burden on issuers and would more effectively protect the public interest, while maintaining the Notice's investor protections.

Sincerely,

Colette J. Irwin-Knott, CIPFA

President, National Association of Independent Public Finance Advisors



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cc: The Honorable Mary L. Schapiro, Chairman
The Honorable Elisse B. Walter, Commissioner
The Honorable Luis A. Aguilar, Commissioner
The Honorable Troy A. Paredes, Commissioner
The Honorable Daniel M. Gallagher, Commissioner
Liban Jama, Counsel to Commissioner Aguilar
Lynnette Kelly, Executive Director, Municipal Securities Rulemaking Board