

**WELLS CAPITAL MANAGEMENT INCORPORATED**

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MAC N9882-010  
Menomonee Falls, WI. 53051

July 8, 2015

Municipal Securities Rulemaking Board (MSRB)  
1900 Duke St., Suite 600  
Alexandria, VA 22314  
Attention: Ronald W Smith  
Corporate Secretary

**RE: Comments On MSRB Rule A-3 Amendments Proposing An Investor  
Representative Position**

To The MSRB:

Wells Capital Management, Inc. is a registered investment advisor that manages municipal mutual funds, separate municipal accounts and other third party municipal investment products for both retail and institutional investors (Wells Cap). Wells Cap hereby responds to the MSRB's Request For Comments On Draft Amendments And Other Issues Related To MSRB Rule A-3 On Membership On The Board (MSRB Proposal).

Wells Cap supports the MSRB Proposal for an Investor Representative on the MSRB for the following reasons:

- 1) The current investor representation limitations on the MSRB excludes many of the most experienced investors in municipal securities due to their inevitable association with dealers through organizational structures. The excluded investors include municipal funds, high yield funds, hedge funds and many others with extensive experience. This is an inequitable situation that the pending proposal seeks to remedy. An Investor Representative will bring additional experience, insight and market concerns to the MSRB's deliberations that may be currently lacking or under-represented. Many areas of current or potential MSRB regulation and involvement require informed market sector experience and insights into primary issuance practices, preliminary offering disclosures, interaction of offering participants, secondary market liquidity and continuing disclosure. Each sector in the municipal market (health care, GOs, revenue bonds, conduit financings, higher education, transportation, etc) has unique issues and challenges that the MSRB must face. The appropriate Investor Representative can bring this varied, in-depth municipal sector experience to the MSRB;

- 2) New paragraph (g)(ii)(2) of MSRB Rule A-3 provides appropriate safeguards to avoid the potential conflicts of interest, lack of independence judgment, and “self-interest” in selecting and utilizing an Investor Representative by limiting that Investor Representative to someone who is not an officer, director, employee or controlling person of an entity regulated by the MSRB in the prior two years. Wells Cap recommends to the MSRB that such individual also not have functioned as a consultant or expert witness exclusively for such regulated entities in the prior two years;
- 3) New paragraph (g)(ii)(2) of MSRB Rule A-3 also provides an additional safeguard to avoid the potential conflicts of interest, lack of independence judgment, and “self-interest” in the MSRB utilizing an Investor Representative by limiting that Investor Representative to a municipal investment adviser registered/regulated under the Investment Advisers Act of 1940—i.e., a fiduciary organization that is experienced in safeguarding third party investments and already has compliance training programs in place to sensitize employees against conflicts of interest, self-dealing and other “unethical” activities. Wells Cap would further recommend to the MSRB that such municipal investment adviser have minimum municipal assets under management of at least \$10 billion for the last ten years, have a diversified series of municipal mutual funds, and that the representative of that municipal investment advisor be a portfolio manager or senior analyst having at least ten years of experience;
- 4) Wells Cap agrees with the MSRB Proposal that a registered municipal investment adviser is able to represent the interests and concerns of both retail municipal investors and institutional municipal investors (especially if that registered municipal investment adviser is large and has a diversified line-up of municipal mutual funds). This type of municipal investment adviser will understand its retail municipal investors; and
- 5) Wells Cap agrees that the remaining components of existing Rule A-3 regarding the selection of MSRB representative contain adequate historic safeguards to ensure the highest integrity of MSRB members.

As regards the nine technical questions posed for comment by the MSRB regarding “Application of the Standard of Independence for the Public Representative of Institutional or Retail Investors in Municipal Securities”, Wells Cap has no specific insights or information on these questions other than contained in the comments made above. In addition, Wells Cap has no comments on the MSRB proposal to consider comments on the length of MSRB member service (three years staggered terms) or publish the names of all MSRB applicants.

If you need any further information on these Comments, please contact me at 414-359-3776 or [gsouthwe@wellscap.com](mailto:gsouthwe@wellscap.com).

Wells Capital Management Incorporated

By: \_\_\_\_\_  
Gilbert L. Southwell III  
Vice President