



September 22, 2010

Elizabeth M. Murphy  
Secretary  
Securities and Exchange Commission  
100 F St., NE  
Washington, DC 20549-1090

In reference to File Number SR-MSRB-2010-08

Dear Ms. Murphy,

The Securities Industry and Financial Markets Association (“SIFMA”) is pleased to submit comments on the Securities and Exchange Commission’s (“SEC”) Release No. 34-62827 related to the Municipal Securities Rulemaking Board’s (“MSRB”) Notice of Filing Amendments to Rule A-3, on Membership on the Board To Comply With the Dodd-Frank Wall Street Reform and Consumer Protection Act (“proposed rule change”). SIFMA brings together the shared interests of hundreds of securities firms, banks and asset managers. SIFMA’s mission is to support a strong financial industry, investor opportunity, capital formation, job creation and economic growth, while building trust and confidence in the financial markets.

The MSRB has filed with the SEC a proposed rule change consisting of amendments to Rule A-3, on membership on the Board, in order to facilitate the change in the composition of the Board to comply with the Dodd-Frank Act. The MSRB has proposed to increase the size of its Board from 15 to 21 members and to add 11 new members, eight of whom would not be affiliated with any entity regulated by the MSRB and three of whom would be representatives of municipal advisors who are not also broker-dealers. The proposed rule change would also effect other amendments to MSRB Rule A-3.

SIFMA generally supports the MSRB’s proposed changes to Rule A-3 and urges the SEC to approve their adoption. We believe the proposed rule change reflects the MSRB’s historic commitment to broad representation from all segments of the municipal securities industry. With that said, we believe the MSRB should be guided by several principles when recruiting Board members going forward.

While we do not believe a Board of 21 members is too large, we note that the MSRB had characterized the increase in its Board size as “transitional.” By this we presume that the MSRB will at some time in the future consider reducing the size of its Board back to 15 members. We would support that action.

Over the course of the next 1-2 years, the MSRB will presumably be devoting significant attention and resources to developing rules governing municipal advisors, per the authority established in the Dodd-Frank Act. The MSRB has proposed as a transitional matter that “not less than 30% of the

total number of regulated representatives” on its Board “will be associated with and representative of municipal advisors.” While we recognize the need for a significant number of municipal advisor representatives during the period when the MSRB is focused on significant, new rulemaking for advisors, we believe that municipal advisor representatives do not need to comprise at least 30% of regulated Board members after this transitional period. The Dodd-Frank Act specifies only that at least one regulated member of the Board be a representative of a financial advisor. We do not believe the Board should, on its own, establish as a matter of policy that advisors make up at least 30% of regulated Board members, especially given that the Board has not proposed a minimum number or portion of dealer or bank Board members. After this initial period of rulemaking for advisors, we believe the Board should recruit qualified members with backgrounds and expertise in the municipal market without regard to which types of firms they represent within the specifications of the Dodd-Frank Act. We are not opposed to proposed new Paragraph (i)(i)(B)(3) of MSRB Rule A-3 specifying that advisors comprise at least 30% of regulated Board members as a transitional matter. However, we would oppose any permanent rule or policy which specified a minimum portion of regulated Board members be comprised of advisors in excess of what is mandated in statute.

Moreover, as the SEC is likely aware, a significant number of broker-dealers also provide municipal advisory services. For some dealers, municipal advisory services represent a significant part of their overall business focus with respect to municipal bond issuers. The SEC has made clear its view that dealers and banks that provide municipal advisory services are municipal advisors and are subject to statutes and regulations governing municipal advisors. In that regard, we believe the requirement that at least one member of the Board be a representative of a municipal advisor can be satisfied by representatives of “independent” municipal advisors or by representatives of dealers or banks whose firms provide municipal advisory services in addition to dealer services. Indeed, dealer- or bank-advisor representation on the Board can help ensure that the perspectives of this segment of the municipal industry are properly reflected in Board deliberations.

We generally support the MSRB’s proposed changes to Rule A-3 designed to bring the Board composition into compliance with the Dodd-Frank Act and urge the SEC to approve the proposal. After a transitional period, we urge the MSRB to reduce its number of Board members back to 15, and to rescind the transitional rule specifying that at least 30% of regulated Board representatives be comprised of municipal advisors. We also urge the MSRB to recognize that representatives of dealers and banks that provide advisory services can satisfy requirements for municipal advisor representation on the Board.

Thank you for the opportunity to present our views. Please contact us if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Decker". The signature is fluid and cursive, with a large initial "M" and "D".

Michael Decker  
Managing Director and Co-Head, Municipal Securities Division