



March 28, 2008

Nancy M. Morris  
Secretary  
Securities and Exchange Commission  
Station Place  
100 F Street, N.E.  
Washington, D.C. 20549-1090

Re: File Number SR-MSRB-2007-08; Comments to Municipal Securities Rulemaking Board; Notice of Filing of Proposed Rule Change to Rule G-8, Books and Records, Rule G-9, Preservation of Records, and Rule G-34, CUSIP Numbers and New Issue Requirements, To Improve Transaction Reporting of New Issues

Dear Ms. Morris,

The Securities Industry and Financial Markets Association (“SIFMA”)<sup>1</sup> appreciates this opportunity to comment on the proposed amendments to Rules G-8, G-9 and G-34, which the Municipal Securities Rulemaking Board (“MSRB”) submitted to the Securities and Exchange Commission (“SEC”) on January 11, 2008<sup>2</sup> and which were published in the Federal Register on January 17, 2008.<sup>3</sup>

As stated in previous comment letters, SIFMA fully supports increased price transparency in the municipal marketplace. To this end, SIFMA has strongly supported and has actively participated in the development of The Depository Trust and Clearing Corporation’s (“DTCC”) New Issue Information Dissemination Service (“NIIDS”). In 2007, SIFMA’s Municipal Operations Committee formed a NIIDS User Group to focus member expertise on the development of NIIDS. When DTCC decided to delay NIIDS implementation in 2007 after significant problems were identified in the initial tests with members and vendors, they requested that this NIIDS User Group support their efforts on a redesign of the NIIDS web product. SIFMA responded to this request and formed a

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<sup>1</sup> SIFMA, or the “Association,” brings together the shared interests of more than 650 securities firms, banks and asset managers. SIFMA’s mission is to promote policies and practices that work to expand and perfect markets, foster the development of new products and services and create efficiencies for member firms, while preserving and enhancing the public’s trust and confidence in the markets and the industry. SIFMA works to represent its members’ interests locally and globally. It has offices in New York, Washington D.C., and London and its associated firm, the Asia Securities Industry and Financial Markets Association, is based in Hong Kong.

<sup>2</sup> MSRB Notice 2007-08 (January 11, 2008).

<sup>3</sup> 73 Fed. Reg. 12 (January 17, 2008).

subset of the NIIDS User Group to deal exclusively with the development of a revamped NIIDS Web product. This smaller NIIDS Working Group has wholeheartedly supported this effort by spending many hours on this project, despite staff reductions and increased workloads at their firms' respective fixed income divisions.

In addition to the revamping of the NIIDS web screens, the NIIDS Working Group also recognized the need to convince DTCC of the necessity to provide a file upload capability to reduce the significant amount of required input for those firms not using an electronic feed (for example, from a book-running system) into NIIDS. The NIIDS Working Group also recognized the need to evaluate all the changes that were incorporated into NIIDS to ensure that firms that solely rely on the NIIDS web platform have the ability to comply with new reporting requirements. At that point, SIFMA recommended to DTCC that until such time that the revised NIIDS web product could be fully reviewed, it would in SIFMA's view be prudent to not establish a timeframe for implementation.

When DTCC announced its implementation schedule in November 2007, the Chair and Co-Chair of the Municipal Operations Committee requested that SIFMA arrange a meeting with DTCC senior management to voice the Committee's concerns over the implementation dates. The Chair and Co-Chair, along with SIFMA staff, met with DTCC senior staff on December 4, 2007 and voiced their opposition to the dates established because many of the required elements were far from being completed. DTCC staff indicated that they fully understood SIFMA's position and would pay very close attention to the key timelines established for the NIIDS implementation. It was also on this date that MSRB was also informed of SIFMA's concerns regarding the implementation schedule.

DTCC has recently announced optional NIIDS will be implemented April 14, 2008. Initial testing by firms began on February 15, 2008. The MSRB has established June 30, 2008 as the mandatory date for NIIDS implementation. SIFMA, while in strong support of the NIIDS project, does not concur with above dates for the following reasons:

1. SIFMA has been informed that modifications are already being planned based on preliminary testing and additional vital enhancements are still forthcoming.
2. The file upload capability which DTCC agreed to provide has not been demonstrated to the NIIDS User Group and will not be available for testing until April 16, 2008, two months after the start of initial testing and only ten weeks before the MSRB proposed mandate.

3. The evaluation by the NIIDS Working Group to assess whether firms relying solely on the NIIDS web product would be able to meet the requirements of the MSRB mandate was not completed. The evaluation was not completed due to the aggressive implementation schedule as well as the demands of the auction rate market conditions.

4. Based on the current aggressive implementation schedule, SIFMA is of the strong opinion there is not an adequate amount of the time for members to undertake the essential amount of education, training and testing necessary to ensure a reasonably successful implementation of a new system of this magnitude.

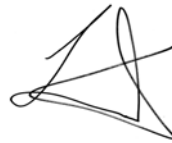
As alluded to above, a significant issue has recently surfaced which is directly impacting DTCC's testing schedule. The current unexpected market issues and issuance volume related to auction rate securities have significantly increased the time demands on the operations staff at the various firms. DTCC has opened NIIDS to testing; however, most firms have not been able to allocate the resources necessary to test due to the stresses of current unusual market conditions. Only 30 firms out of approximately 200 municipal underwriters have attempted to test the system and of the 30 even fewer have completed tests that would be deemed successful (i.e. achieved DTC-eligibility status). Unfortunately, firms simply do not have the time to review and test the new system in this unusual market environment. If this environment continues for any extended period of time, the aggressive testing schedule that was set prior to the current market situation will be detrimental to a smooth implementation of NIIDS.

SIFMA recommends that the MSRB rule filing mandating use of NIIDS by members on June 30, 2008 not be approved for the aforementioned reasons. SIFMA continues to be very supportive of the NIIDS project, but implementation should only occur when the NIIDS system is proven to be workable within the MSRB's mandated timeframes, members have been provided adequate time to test and the market conditions allow the members an opportunity to manage a successful implementation. To do otherwise, would in our opinion, create unnecessary difficulties for our members, who have already spent a significant amount of time on this project, and may be detrimental to the new issue municipal markets.

Nancy Morris  
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We appreciate the opportunity to comment on this rule proposal. If you have any questions concerning these comments, or would like to discuss these comments further, please feel free to contact the undersigned at 212.313.1130 or via email at [lnorwood@sifma.org](mailto:lnorwood@sifma.org).

Respectfully,

A handwritten signature in black ink, appearing to be 'LN', written in a stylized, cursive-like font.

Leslie M. Norwood  
Managing Director and  
Associate General Counsel

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cc: ***Securities Industry and Financial Markets Association***  
Municipal Executive Committee  
Municipal Legal Advisory Committee  
Municipal Operations Committee  
Municipal Syndicate & Trading Committee  
Municipal Credit Research, Strategy and Analysis Committee