



January 11, 2021

Mr. Ronald W. Smith
Corporate Secretary
Municipal Securities Rulemaking Board
1300 I Street NW
Washington, DC 20005

Re: Notice No. 2020-10 MSRB Request on Strategic Goals and Priorities

Dear Mr. Smith:

The American Securities Association¹ welcomes the opportunity to comment on the Municipal Securities Rulemaking Board's (MSRB) strategic goals and priorities as we enter 2021. We appreciate the MSRB's outreach to municipal market stakeholders as the MSRB looks to further advance its vision and mission statement. As noted in the request for comment, the MSRB is particularly focused on regulation, technology, and data. The ASA works to advance the interests of "Main Street" regional financial services firms and their investors, and so our interests with regard to the MSRB's agenda primarily deal with regulation.

The ASA has welcomed some recent efforts by the MSRB to improve its accountability. In particular, the ASA supported the MSRB prioritizing retrospective reviews of existing regulations to guard against rules that may be duplicative, overly burdensome, or no longer meet a cost-benefit test and should be amended or repealed. The proposal put forth last year to improve the MSRB board and governance also included some thoughtful changes. However, the ASA believes the MSRB can continue to increase its effectiveness by continuing to work with Congress and the Securities and Exchange Commission (SEC) to establish a more transparent and robust governance structure.

Accordingly, the ASA supports reforms that would divide MSRB board membership between public representatives and regulated entities and ensure that individuals from a small number of large banks and broker dealers do not have outsized influence over the MSRB agenda. The ASA also supports provisions that would give the broker-dealer community accurate representation on the board, to "right-size" their representation based on the financial contributions they provide to the MSRB. The ASA strongly believes the MSRB should continue its efforts to work with the SEC and Financial Industry Regulatory Authority (FINRA) to address instances of regulatory

¹ The ASA is a trade association that represents the retail and institutional capital markets interests of regional financial services firms who provide Main Street businesses with access to capital and advise hardworking Americans how to create and preserve wealth. The ASA's mission is to promote trust and confidence among investors, facilitate capital formation, and support efficient and competitively balanced capital markets. This mission advances financial independence, stimulates job creation, and increases prosperity. The ASA has a geographically diverse membership base that spans the Heartland, Southwest, Southeast, Atlantic, and Pacific Northwest regions of the United States.





duplication or confusion. As an example, in October 2020 the ASA sent a letter to FINRA regarding the practice of “pennying” in which we noted that the approach to the practice taken by the MSRB differed from FINRA as well as the SEC’s Fixed Income Market Structure Advisory Committee.² This is a recent example of where differing approaches by regulators could lead to confusing and potentially harmful regulations, an outcome the SROs and the SEC must proactively work to avoid.

The ASA has also strongly opposed efforts by the SEC to create a loophole in the municipal market that allows unregulated municipal advisors to engage in the same practices as broker-dealers. Unlike highly regulated broker-dealers, exempted municipal advisors would not be subject to the robust net capital and other regulatory requirements that have long defined the broker-dealer regulatory regime. There is little question that the SEC’s actions left investors in the municipal market vulnerable while doing little to help municipalities around the country raise capital. Again, we believe the MSRB should work closely with the SEC to identify potential weaknesses in the market as a result of orders such as this one and recommend appropriate action to further protect investors.

The ASA would also suggest that the MSRB, as well as all regulators, prioritize rule modernization and technology updates that would benefit the industry as many individuals are working from home due to the COVID-19 pandemic. Remote work is likely to continue and there are certainly rules that could be updated to reflect that reality. Additionally, the MSRB should make sure safeguards are in place to protect investors’ personal information, as well as proprietary firm data.

Finally, the ASA would like to address the modernization of the Electronic Municipal Market Access website (EMMA). The ASA is supportive of continuing modernization and transparency on EMMA. EMMA provides important information to the municipal marketplace that participants might otherwise need to purchase from third parties, and the MSRB should work to ensure the website’s security and information gaps are continuously updated.

The ASA appreciates this opportunity to comment and look forward to working with the MSRB on issues critical to the municipal securities market.

Sincerely,

Kelli McMorrow

Kelli McMorrow
Head of Government Affairs
American Securities Association

² [ASA Sends Letter to FINRA on Pennying \(americansecurities.org\)](https://americansecurities.org)

