

December 1, 2015

VIA ELECTRONIC MAIL

Secretary
United States Securities and Exchange Commission
100 F Street NE
Washington, DC 20549

RE: File Number SR-MSRB-2015-03

Dear Secretary:

On behalf of the Bond Dealers of America (“BDA”), I am pleased to submit this letter in response to the filing by the Municipal Securities Rulemaking Board (“MSRB”) of Amendment No. 2 (“Amendment No. 2”) to its proposed Rule G-42 (the “Proposed Rule”). BDA is the only DC-based group representing the interests of middle-market securities dealers and banks focused on the U.S. fixed income markets. Accordingly, we believe that we uniquely offer insight into how the Proposed Rule would impact middle-market securities dealers.

BDA and its members continue to be very concerned with the Proposed Rule and continue to urge the SEC to disapprove the Proposed Rule. Amendment No. 2 has at best only addressed marginal considerations surrounding the principal transaction ban, and as we have addressed in our prior comment letters to the SEC and in our meetings with the Office of Municipal Securities, we believe that the principal transaction ban will have substantial unintended consequences and will ultimately disempower municipal entities. Accordingly, Amendment No. 2 has not materially changed the Proposed Rule, and BDA continues to urge the SEC to disapprove the Proposed Rule.

In addition, we do not believe that Amendment No. 2 provides a meaningful and useful exception to the principal transaction ban because there are too many limitations contained in Amendment No. 2 for the exception to be useful. Municipal advisors who seek to rely on the exception (1) may not have provided “advice” to the municipal entity in connection with the issuance of municipal securities the proceeds of which are being invested (which we read to mean that the dealer neither served as municipal advisor nor, possibly, any other role subject to an exemption which allowed the dealer to give advice such as an underwriter or a dealer responding to an RFP) with respect to the issuance the proceeds of which are being invested) and (2) did not serve as the underwriter with respect to the securities being purchased or sold. We would ask the MSRB to confirm that if a firm does provide advice pursuant an exemption as outlined in the Municipal Advisor Rule, that the firm would not be precluded from selling securities under the

current version of Proposed Rule G-42.

In addition, the consent and disclosure requirements necessary to take advantage of this exemption are entirely too burdensome to be useful. As a practical matter, these rules will require transaction-by-transaction written consents since the exception to such consents is too extensive to make it worth a dealer's effort to avoid written consent. We do not believe that dealers will elect to follow these burdensome requirements. While we recognize that the MSRB followed principles in the investment advisors context, that approach does not take into consideration the vast differences between brokerage operations and investment advisory operations. Accordingly, we do not believe that dealers will use this exemption in any meaningful way unless these requirements are substantially reduced or unless the MSRB creates a more encompassing exemption from the principal transaction ban for brokerage services.

Thank you for the opportunity to submit these comments on the Proposed Rule.

Sincerely,



Michael Nicholas

Chief Executive Officer