BDA Bond Dealers of America

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January 20, 2016
VIA ELECTRONIC MAIL

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

RE: File Number SR–MSRB– 2015–14

Dear Secretary:

On behalf of the Bond Dealers of America ("BDA"), I am pleased to submit this letter in response to Municipal Securities Rulemaking Board ("MSRB") Notice 2015-14 ("Notice") Filing of Proposed Rule Change Consisting of Proposed Amendments to Rule G-37 (the "Proposed Rule") on political contributions made by dealers and prohibitions on municipal securities business, to extend the rule to cover municipal advisors and third-party solicitors. 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.

The BDA and its members continue to support the approach that the MSRB has taken in extending the political contribution prohibitions contained within Rule G-37 to non-broker municipal advisors and third-party solicitors. As the BDA has stated consistently, we believe that it is important that there is a level playing field between dealers and non-broker municipal advisors. Additionally, we believe the MSRB's approach in the Proposed Rule would provide a level playing field with respect to political contributions and prohibitions on future municipal securities business.

However, the MSRB's approach requires some unnecessary and duplicative regulatory filings for dealers. For example, as is the case with some dealers, all of their employees who act as a municipal advisor also serve as bankers in an underwriting capacity (not on the same transaction, of course). The Proposed Rule requires these employees to keep dual records and copies of disclosures for the same contributions—contributions they are already required to monitor and disclose. While the MSRB stated in their Request for Comment that "dealer-municipal advisors could make all required disclosures on a single Form G-37," we would urge the SEC to request the MSRB to provide additional guidance, possibly in the form of frequently asked questions ("FAQs") for the amended Rule G-37, to clearly permit those employees to maintain one set of records and disclosures.

Additionally, we would urge the SEC to amend the Proposed Rule to increase the *de minimis* contribution limits for dealers and non-broker municipal advisors with respect to officials for whom they are entitled to vote from $250 to $350. This would harmonize the *de minimis* contribution limit with the existing *de minimis* contribution limits applicable to investment advisers[1] and swap dealers[2] and would

[1] SEC Investment Advisors Act, Rule: 17 CFR 275 206(4)-5.
[2] CFTC Rule for Swap Dealers: 17 CFR 23.451.

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result in more efficient administration, record keeping, and monitoring, which would reduce unnecessary confusion of political contribution programs for dealers and non-dealer municipal advisors whose firms are currently subject to the Commodities Future Trading Commission (CFTC) swap dealer and/or SEC investment advisor political contributions rules. To be clear, BDA does not support extending the *de minimis* contribution limit to cover contributions to officials for whom a dealer or municipal adviser is not entitled to vote, as that would create considerable chaos in the municipal securities market with respect to rules that have become settled and accepted, and appear to be working well in reducing "pay to play" practices and the appearance of such practices in the municipal securities market.

In conclusion, throughout the MA rule making process, BDA has always supported a level playing field amongst non-dealer and dealer affiliated MA's. At this point in the rulemaking, BDA's recommendation is to harmonize the *de minimis* threshold Pay-to-Play rule with those of the SEC and CFTC. BDA appreciates the opportunity to present comments on the Proposed Rule and looks forward to continuing to work proactively with regulators on this rulemaking.

Sincerely,

Mike Nicholas
Chief Executive Officer

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