

**MEMO# 14523**

March 11, 2002

## **INSTITUTE COMMENT LETTER ON SEC NOTICE REGARDING THE MSRB'S PROPOSED SMMP CONCEPT**

[14523] March 11, 2002 TO: FIXED-INCOME ADVISORY COMMITTEE No. 4-02 RE: INSTITUTE COMMENT LETTER ON SEC NOTICE REGARDING THE MSRB'S PROPOSED SMMP CONCEPT

The Institute has submitted a comment letter to the Securities and Exchange Commission in response to its release regarding the Municipal Securities Rulemaking Board's ("MSRB") revised draft interpretive guidance on the application of various MSRB rules to sophisticated municipal market professionals ("SMMPs").<sup>1</sup> The Institute's letter expresses our disappointment that the MSRB did not revise its interpretive notice in accordance with our recommendations on its earlier draft guidance. The letter reiterates our concerns about reducing certain of the MSRB's fair practice standards regarding a dealer's disclosure obligations, and reiterates the importance of applying the SMMP concept narrowly to ensure that all investors have timely access to material information to enable an informed investment decision. Thus, while the letter generally supports the MSRB's objective of interpreting MSRB rules to enable the development of electronic trading platforms, that support is conditioned on the draft guidance being revised (1) to limit the applicability of the SMMP concept to electronic trading platforms, and (2) to exclude from the SMMP safe harbor certain securities that are exempt from the continuing disclosure requirements of Rule 15c2-12 under the Securities Exchange Act of 1934. A copy of the Institute's letter is attached. Barry E. Simmons Associate Counsel Attachment (in .pdf format) 1 See Memorandum to Fixed-Income Advisory Committee No. 2-02, dated February 15, 2002.