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## **BDA Opposes, NAIPFA Supports MA Fees.**

WASHINGTON — Another broker-dealer group is asking the Securities and Exchange Commission to suspend the Municipal Securities Rulemaking Board's proposal to charge each municipal advisor professional \$300 per year, but non-dealer MAs are giving the MSRB's fee structure their support.

Bond Dealers of America president and chief executive officer Mike Nicholas told the SEC in a letter that the MSRB's new Rule A-11, which was effective immediately upon its filing last month, is unduly burdensome to dealer firms and will disproportionately affect middle-market firms.

Under the rule, beginning with the July 1 effective date of the SEC's final MA rule and following its phased-in compliance dates, each municipal advisor registered with the SEC will be required to pay an annual fee of \$300 for each FORM MA-I that they fill out.

"The BDA believes the application of this fee is unduly burdensome to broker-dealer firms since the fee will be imposed not only on the newly-regulated municipal advisor firms, but will also apply to broker-dealers that employ municipal advisors and who are already funding over 90% of the cost of supporting the MSRB," Nicholas wrote.

The MSRB already charges MA firms a one-time initial fee of \$100 upon registration and a \$500 annual fee. Those fees have been in effect since 2010 when MAs had to begin registering with the MSRB. The MA professional fees technically won't start to be collected until July 1, when the SEC's final MA rule becomes effective with a phased-in compliance period.

The MSRB should provide a calculation of how much money it expects to collect through this requirement, Nicholas wrote, so that a direct comparison can be made between the MSRB's expenses from the new regulations and the revenues it stands to receive.

The Securities Industry and Financial Markets Association made similar comments in an earlier letter to the SEC, but Nicholas said the rule would be even harder on BDA members.

"We believe that the additional burden of this fee will disproportionately fall on middle-market broker-dealers, where advisory activities are more likely to represent a larger proportion of the firm and whose clients often are not the big issuers, but rather smaller, less frequent issuers, who will need the additional time and attention paid to them," his letter states.

The National Association of Independent Public Finance Advisors, which represents non-dealer MAs, however, submitted a letter supporting the rule.

"In general, we believe the fees established by the notice are appropriate," wrote NAIPFA president Jeanine Rodgers Caruso. "Although there exists the potential that these additional fees may further the financial burdens placed on municipal advisor firms, we believe that the Municipal Securities Rulemaking Board has established a fee structure that at this time appears to be reasonable in light of its rulemaking efforts vis-à-vis municipal advisors."

Nathan Howard, a lawyer who serves as counsel to NAIPFA, said that it would be impractical to impose transaction-based fees on MAs because their roles in a financing can very widely depending on the terms of their engagement.

NAIPFA's letter requests, however, that future changes in the MA fee structure be put out for comment rather than submitted to the SEC for immediate effectiveness. The SEC has been collecting comments on the fee even though the rule is already effective, and could change or revoke it.

BY KYLE GLAZIER

MAY 22, 2014 2:36pm ET

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