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BDA Sends Letter to SEC on SMMP Exceptions, Requests Bifurcated Affirmation Process

To follow up on discussions during a meeting the BDA had with the SEC's Office of Municipal Securities last week, we submitted a letter today to the Commission asking for a bifurcated approach to establishing Sophisticated Municipal Market Professional (SMMP) designations under MSRB Rule G-48.

This letter focuses on the SMMP exemption and its relation to the best execution rule. Currently, the proposed rule provides for one affirmation which allows a market participant to declare itself an SMMP or not. In the proposed rule, a market participant that declares itself an SMMP would effectively exclude its transactions from the protections of the best execution rule. The BDA believes having one affirmation which would automatically exclude an SMMP from the best execution rule is problematic because it is likely that many market participants would want to be considered an SMMP in addition to the having its transactions subject to the best execution rule.

In our letter, we are requesting that the affirmation contained in Rule G-48 be bifurcated into two affirmations:

An affirmation treating the investor as an SMMP for all purposes other than for the application of the best execution rule and

An affirmation treating the investor as an SMMP just for the best execution rule.

You can find BDA's letter [here](#).

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