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Fixed Income Legal & Compliance Roundtable Recap

BDA Wraps Up Fixed Income Legal & Compliance Roundtable

Last week, the BDA held its annual Fixed Income Legal & Compliance roundtable in Washington, DC, sponsored by Broadridge. This roundtable included discussion with FINRA, the MSRB and the SEC. Regulators spoke to and took questions from attendees on regulatory and enforcement matters specific to the U.S. fixed income markets.

Specifically, attendees heard from:

- **Cindy Friedlander**, Director, Fixed Income Regulation, Regulatory Operations, FINRA, who discussed the importance of timely disclosures to EMMA, FINRA's interest rate swap letter to firms and responses they have received as well as point of sale "suitability" obligations and internal firm procedures
- **Gary Goldsholle**, General Counsel, MSRB, discussed MSRB Rules G-17, G-18 and G-30 and the action at the MSRB surrounding each of those rules and more; best execution in the Municipal market and MSRB examination of options and the SEC's Municipal Market Report.
- **John Cross**, Director, Office of Municipal Securities, SEC, discussed the SEC's Municipal Market Report and themes which have emerged as a result of the report's findings including whether the SEC should look harder at issues like pensions and fiscal distress of state and local governments as well as price transparency generally in the municipal markets and how to better grapple with opaque and unique pricing in the market. He also informed us of the nearly final status of the Muni Advisor Rule.
- **Tom Eady**, Senior Policy Advisor, Office of Trading & Markets, SEC, who

discussed the obligation of broker dealers to seek the best price or terms when executing trades for their customer; markups / markdowns and what riskless principal really means, focusing on the disclosure of pricing information to the investor as an important component.

Next, attendees heard from the Honorable Tom Reynolds (R-NY) (Ret.), who provided vibrant insight into the status of Federal Tax Reform and potential implications to the municipal bond market. Mr. Reynolds is a former member of the U.S. House of Representatives who served as a senior member of the Ways and Means Committee.

Concluding the event was very candid dealer to dealer discussion about a variety of other issues directly impacting your business including:

- Markups / Markdowns and what firms are experiencing during exams.
- Best Execution in the Municipal Market and what it means for the middle-market regional broker dealer including ensuring your customer is being offered appropriate alternatives for investment decisions and the evaluation of these alternatives by the dealer.
- EMMA Enhancements / Investor Education and the role the BDA might be able to play in working with the regulators to help them with their desire to ensure the retail investor is receiving more educational material upon account opening.
- Investor Suitability and appropriate documentation of certain activity in the account file as well as updating internal firm suitability specs for their internal supervisory procedures.
- Practices regarding the documentation of due diligence efforts and determination of SEC Rule 15c2-12 compliance by issuers.
- TMPG Recommendation to Margin Forward-settling Agency MBS Transactions including agreement for BDA to host another conference call of its membership to update those who could not make the roundtable on some of the discussion items we touched on.
- Enforcement Developments and what firms anticipate coming down the pike and anticipating challenges for smaller to mid-sized firms with more limited resources.

View the full day's agenda [\[here.\]](#)

BDA would like to thank our sponsor for the 2013 Fixed Income Legal & Compliance Roundtable & Dinner:



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