



**Recap of Events:
Municipal Market Seminar &
Retail Fixed Income Roundtable**
*May 18 & 19, 2016
St. Louis, MO*

On May 18th and 19th, the BDA held a Municipal Market Seminar and a Retail Fixed Income Roundtable in St. Louis, MO. These two annual events supply BDA member firms with direct access to senior regulatory staff, insight into new regulatory developments, as well as the opportunity to engage in candid firm-to-firm discussions about the highest priority regulatory, enforcement, and business issues facing middle-market dealers. The following is a recap of both events.

Municipal Market Seminar:

On May 18, the BDA held its annual Municipal Market Seminar on Regulation, Compliance and Enforcement at the Four Seasons Hotel in St. Louis, MO. We had over 100 attendees from both member and non-member firms. The seminar began with the delivery of remarks from senior staff at the MSRB, SEC and FINRA, which focused on current regulatory priorities, new developments in policy and the latest enforcement initiatives.

Panelists included:

- **Cynthia Friedlander**, Director, Fixed Income Regulation, Regulatory Operations at FINRA
- **Mary Simpkins**, Senior Special Counsel, Office of Municipal Securities, SEC
- **Sharon Zackula**, Associate General Counsel, MSRB

Following opening remarks, panelists were joined by Gregg Bienstock, CEO & Co-Founder of Lumesis, Inc. Gregg and the regulators engaged in an interactive discussion of regulatory and market structure issues including:

- **Best Execution**
 - How to determine and manage extreme market conditions
 - The importance to regulators that you "show your work" by documenting your process for best execution
 - Ensuring in your policies and procedures that you have a reasonable process to follow and that you supervise accordingly
- **Bank Loan Disclosure**
 - The conversation focused on MSRB's concept proposal, which is an effort to engage the industry prior to any formal rule making
 - The potential for the SEC to consider requiring bank loan disclosure as a

material event under SEC Rule 15c2-12

- **Municipal Advisor Rule:**
 - The regulators may engage in an effort to provide guidance to outline more clearly for the industry who is responsible for certain types of disclosures
- **Minimum Denominations:**
 - MSRB's current request for comment on proposed amendments
 - Concern with minimum denominations often stem from the division of positions during estate proceedings, leaving the dealer with less than desirable decisions to make in selling less than whole positions
- **MCDC:**
 - The desire of industry participants to receive guidance from the SEC about what they have learned from the initiative
- **Retail Confirmation Disclosure:**
 - Regulators (MSRB and FINRA) discussed continuing efforts to harmonize the rules as much as possible

After the seminar, attendees joined the St. Louis Municipal Bond Club for a reception co-hosted by the BDA. This networking event provided an additional venue for BDA members to engage with regulators and to dialogue with counterparts at other firms.

Retail Fixed Income Roundtable Event Recap:

On the evening of May 18, 2016, Retail Roundtable invitees attended a networking dinner sponsored by TMC Bonds and Assured Guaranty, which was held at Bissinger's Chocolate Factory. Dinner provided an opportunity to continue to discuss issues from the Muni Market Seminar as well as to set the stage for the next day's Retail Roundtable. On the morning of May 19, 2016, Roundtable attendees met at Wells Fargo Advisors for breakfast before the start of the roundtable. With 50 attendees in the room, conversation was robust and informative. Below is a recap of the event.

Municipal Credit Issues:

- **Patrick Early, Chief Municipal Analyst, Wells Fargo Advisors**

Patrick discussed concerns in the municipal market including the latest on Puerto Rico, including whether or not Congress would act and what any legislation may look like. He also discussed municipal bondholder concerns remain and other focus items of the market generally.

DOL's Fiduciary Duty Rule:

- **Ken Pardue and Bob McCarthy of Wells Fargo Advisors**

Ken and Bob lead the fiduciary duty implementation and education efforts at Wells Fargo Advisors. They stated that the rule represents the biggest change in the retirement business they have ever seen. They reviewed the requirements of the general rule and the legal risks inherent in the utilizing the the Best Interest Contract Exemption and Principal Trading Exemption. They discussed multiple practical examples of how common transactions will be impacted by the rule.

Roundtable attendees then engaged in a candid and interactive discussion of the roundtable

agenda including:

- **Best Execution** and how firms are developing their policies and procedures to ensure proper compliance with the rule
- **Retail Confirmation** markup disclosure proposals at the MSRB and FINRA, including discussion about the calculation of the prevailing market reference price
- **Minimum denominations** and how firms surveil for and manage below minimum denoms held by customers
- **Municipal Shorts** positions and actions firms are taking to close out outstanding shorts
- **FINRA Rule 4210** on margining of TBA transactions, including next steps by the BDA on behalf of our member firms
- **Pre-trade price transparency** and what that may mean for future rule makings
- **Direct Market Access** and dealer responsibilities when transacting on an ATS

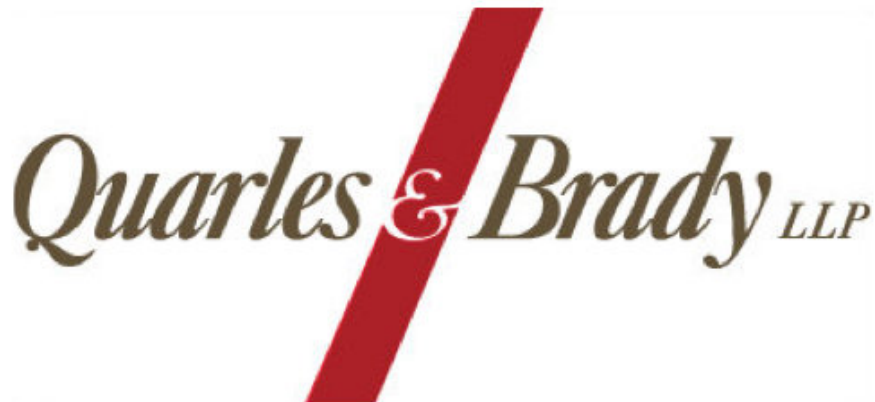
You can find the full agenda for the Retail Fixed Income Roundtable [here](#).

At the conclusion of the roundtable, dealer representatives were able to hear from product and solutions providers, as well as from the ATSS about new developments and products. Wells Fargo Advisors provided a courtesy lunch and firms departed for the day.

If you would like more information about either of the events covered above, including how to become more closely involved with the BDA, do not hesitate to reach out to us.

We would also like to thank our sponsors for their support.

Municipal Market Seminar Sponsors



DIVER

By Lumesis

Retail Fixed Income Roundtable Sponsors



ASSURED GUARANTY®



**national
public finance
guarantee**



We hope this information is helpful. Feel free to reach out to the BDA with any questions or comments.

Jessica Giroux at jgiroux@bdamerica.org

John Vahey at jvahey@bdamerica.org

Justin Underwood at junderwood@bdamerica.org