

RMOA
Regional Municipal Operations Association
April 18, 2005

Barbara Z Sweeney
Office of the Corporate Secretary
NASD
1735 K Street NW
Washington D.C.20006-1500

Dear Ms Sweeney

We thank you for the opportunity to comment on proposed NASD Rule 2231. The topic of additional disclosure by broker/dealers in the Corporate debt market has been brought to our agenda, by the NASD. at several of our recent meetings and we feel it appropriate to further add to the discussion. Our thoughts are as follows:

The Regional Municipal Operations Association membership cautions against any initiative that might delay the execution of an order. We are also not supportive of any regulation that categorizes ALL retail investors as unsophisticated. But we do believe that complete informational disclosure, both in general traits of corporate debt instruments and also transaction specific details to those clients that would derive a benefit, is in the best interests of the broker/dealer and its customers.

For that reason we believe that the NASD's two pronged approach, a web -site for general information along with a more detailed confirmation of the trade,sets the stage for a productive dialogue.

Notice to Members 05-21 reports that a significant percentage of retail investors are unaware that they are paying a fee for the services provided by the broker/dealer in corporate debt transactions. it also states that many do not understand the relationship between interest rates and dollar prices. The solution to this problem must not be so extensive as to add to the customers confusion. If the client does not understand the concept of yield we accomplish little by disclosing multiple yield. i.e Yield to Maturity-Yield to Call-Yield to Par Call . We are concerned that regulation requiring excessive information might be counter-productive especially if space restrictions on the front of the confirmation required the broker/dealer to use abbreviations.

We caution against the implementation of any regulation that would simply add to the cost of processing and do little to educate those that it is intended to help.

There is absolutely no support for identifying bonds by the use of the TRACE symbol. All industry participants-traders,information providers,operations/compliance staffs and operating systems-use the long established CUSIP system While we are aware that this numbering system is lengthy,it is serving us well. A change to a new methodology would be costly and confusing. Introducing a TRACE symbol to the marketplace should be a stand-alone optional initiative and not part of improved disclosure.

We are concerned about the proposal that the requirement to disclose bond ratings would be limited to those broker/dealers that have existing relationships with Nationally Recognized Statistical Rating Organizations. This would apply a dual standard and have the effect of discriminating against those retail clients that invest with firms that are without NRSO agreements. We feel that bond ratings are an important part of investment decisions but if we are addressing the needs of unsophisticated investors we must be sure that the credit worthiness of a particular issue is made clear. It is likely that an A could be perceived to be the highest possible rating if the client were unaware of higher indicators. Perhaps the possibility of simplifying the disclosure by stating that "No rating exists on this bond" or "This bond is below investment grade" would be more informative.

We also feel that broker/dealers should have the option of relegating non-transaction specific information to the back of the customer confirmation. Leaving the front of the confirmation void of boiler plate language will allow the front of the confirmation to be used more effectively.

We would be pleased to discuss any of these points with NASD staff at your convenience.

On behalf of the Executive Committee and the membership of the Regional Municipal Operations Association, I remain

Very Truly Yours

Thomas Sargent
President
tsargent@msn.com