



RW Smith & Associates, MSRB Rule G-43 Disclosure

The Nature of Our Undertaking

RW Smith & Associates, LLC. ("RW Smith") is a fixed income interdealer broker (IDB), acting as agent or riskless principal to facilitate buys and sells of municipal securities between two contra parties, including broker-dealers, dealer banks, and institutional customers. RW Smith does not disclose the identities of its bidders and sellers prior to or at the conclusion of its bid-wanted auction, unless requested by one party and agreed to by both parties.

General Obligations

RW Smith must make a reasonable effort to obtain a price that is fair and reasonable in relation to prevailing market conditions. RW Smith will avoid taking any action that works against that client's interest to receive current available market pricing. RW Smith is presumed to act on behalf of the seller in a bid-wanted unless both the seller and bidders agree otherwise in writing in advance of the bid-wanted.

Conduct of Bid-Wanted

In order to meet its obligations under MSRB rules, RW Smith takes several steps to ensure it is obtaining a fair and reasonable price for its selling clients.

- RW Smith widely disseminates its bid-wanted to as many market participants as possible. RW Smith will not limit dissemination unless directed by the Seller.
- RW Smith considers previous bid history and knowledge of clients' trading interests to direct its resources utilizing voice brokers and emails to reach the dealers who are more likely to take an interest in a specific security, including but not limited to the issuer and previous bidders.
- RW Smith has developed predetermined parameters that can be applied to any high bid in each of our bid-wanted auctions. These parameters look at a range of +/- 2.5% of the Bloomberg security price evaluation. In addition, RW Smith brokers consider previous bid history and MSRB pricing when informing selling clients of the high bid.

Policies in the Conduct of Bid-Wanted

RW Smith upholds a high standard of ethical conduct and as such will continue to conduct its bid-wanted according to certain policies and procedures, including the following:

- Bids will not be accepted after the earlier of the sharp/firm time, the time the seller directs RW Smith to sell the securities to the high bidder, the time the seller informs RW Smith the bonds will not be sold in that bid-wanted, or the end of the trading day, 17:00 Eastern Time on a standard business day, 14:00 Eastern Time on an early close business day (as dictated by SIFMA's recommended early close schedule).
- RW Smith will not allow changes to a bid after that bidder has been informed as to whether his or her bid is being used.
- RW Smith will maintain strict procedures around contact with a bidder and changes to that bid. If the high bid is outside of RW Smith's predetermined parameters and the RW Smith broker believes the bid may have been submitted in error, the high bidder may be contacted without first obtain consent from the seller. However, if the high bid is within RW Smith's predetermined parameters and the RW Smith broker believes the bid may have been submitted in error, the broker will first obtain authorization from the seller to contact the bidder.
- If the winning high bid or cover bid in a bid-wanted has been changed, RW Smith will disclose the original and changed bids to the seller prior to execution.
- RW Smith will always inform the seller of the highest bid.
- RW Smith will inform the seller if the high bid is an institutional customer.
- RW Smith will prohibit its brokers from providing any person other than the seller and the winning bidder with information about bid prices until the bid-wanted is complete. After the bid-wanted is complete, that information is available to RW Smith clients at no cost via a posting report.
- RW Smith will not encourage bids that do not represent the fair market value of municipal securities.