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Report On Preliminary Steps Toward Formation of
NATIONAL FEDERATION OF MUNICIPAL ANALYSTS

There have been informal discussions in recent years regarding the possible formation of a national confederation of municipal analyst societies. Representatives of several societies were invited to a meeting held on March 14th, 1983 to discuss the proposed organization. Societies represented, and the individual attendees, are listed below:

Boston Municipal Analysts Forum: Ruth Corson

Chicago Municipal Analysts Society: Bob Butler,
Richard Ciccarone, and Paul Daniels

Municipal Analysts Group of New York (MAGNY):
George Gregorio, Art Hausker and Jeff Noss

Society of Municipal Analysts: Bill McCarthy
(Mr. McCarthy was also representing Analysts Anonymous which, because of the nature of the organization, is not considered appropriate as a Federation member society.)

Southern Municipal Analysts' Society (name in the process of being changed to Southern Municipal Finance Society):
Melinda Crosby and Ellen Sorahan

The San Francisco Municipal Forum, although not represented at the meeting, may be an appropriate member society.

Selected information on each of these organizations is summarized in Appendix I at the end of this report.

The March 14th meeting resulted in a general consensus on a broad framework encompassing the Federation's purpose, functions, structure, etc. It was agreed that the basic framework would be presented to the individual organizations for their consideration. In order for the new national Federation to be established, it is not necessary that each of the above organizations become charter societies of the Federation; initial approval by three or four of the groups may be sufficient.

The following sections of this report outline various aspects of the Federation proposal, as discussed at the March 14th meeting and subsequently considered by various participants. There has been a gratifying degree of consensus on the basic issues. However, all of the details are expected to be formally dealt with by the Charter Committee to be established as discussed later in this report.

ORGANIZATION NAME: NATIONAL FEDERATION OF MUNICIPAL ANALYSTS

STATEMENT OF PURPOSE: A national association of analysts' societies and affiliated individuals dedicated to promoting standards of professionalism in municipal credit analysis and evaluation, ~~---through communication, education~~ and accreditation.

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*to enhance professional development
and to foster communication
among its members*

PROPOSED FUNCTIONS

1. Promotion of professional standards of municipal analysts
 - a. through establishment of a Code of Ethics and/or Standards of Professional Conduct
 - b. through an accreditation program (See Appendix II) that will result in a CMA certificate designation, roughly comparable to CPA or CFA, indicating professional credentials (a minimum level of competence in municipal analysis)
2. Enhancement of the professional reputation and recognition of municipal analysts
3. Publication of a national newsletter that would, among other things, provide:
 - a. abstracts of meetings of constituent societies
 - b. abstracts of research reports
 - c. an exchange of information regarding scheduled meetings of the constituent societies
 - d. a forum for communication through articles and letters to the editor
 - e. a national employment register with advertisements of employment opportunities and positions sought
4. A national annual conference, the responsibility for which is to be rotated among the constituent organizations
- 5. Promotion of new constituent societies and provision for membership of municipal analysts in geographical areas not covered by a constituent organization

PROPOSED STRUCTURE

1. Charter Societies -- those existing societies under consideration (those indicated on the first page of this report) which approve the Federation concept and appoint two members to the Charter Committee by June 30, 1983
2. Additional societies, with purposes consistent with the Federation purpose and functions -- membership by any additional societies to be approved by a majority of the Federation Board
3. Affiliated individual members not associated with constituent societies, upon meeting relevant membership requirements -- after approval by a majority of the Federation Board
4. Board of Governors consisting of:
 - a. Two representatives from and selected by each constituent society
 - b. One or two (as determined by the Board) representatives of the affiliated individual members
5. Federation officers to be elected by the Board of Governors
6. Provision for removal of a society or an affiliated individual member whose purpose and/or functions has been determined by a majority of the Board to be inconsistent with those of the Federation.

6. ~~to be~~
code of ethics

AUTONOMOUS CONSTITUENT SOCIETIES

The proposed Federation is being structured so that it will not in any way encroach upon the autonomy of the constituent societies. In particular, membership requirements for the constituent organizations are to be determined completely and solely by them. In addition, each society is expected to determine its own method of selecting its representatives on the Federation's Board. There will need to be membership requirements for affiliated individual members (those in geographical areas not covered by one of the constituent societies), but these requirements will not apply to the individual members of societies, each of whom will automatically become a member of the national Federation. This is similar to the pattern followed by the Financial Analysts Federation and its member societies, the regular members of which become "fellows" in the FAF.

reg.
when new
soc. formed
but ind. 13
already
members

PROPOSED FUNDING -- revenues from:

1. Annual meeting
2. Employment ads in newsletter, and possibly other ads
3. Annual* assessments, levied on the constituent societies, based on the number of regular members of each society; assessments to be determined by the Board of Governors
4. Annual* membership fees for affiliated individual members, as determined by the Board of Governors.

* For each Federation year beginning September 1 and ending August 31.

NEXT STEPS TOWARD THE FEDERATION

Before June 30, 1983

Charter Societies act to approve basic Federation concepts and each appoints two members to Charter Committee.

By August 31st, 1983

Charter Committee drafts and finalizes Constitution, Code of Ethics and/or Standards of Professional Conduct, and an outline of accreditation plan. It is recognized that the actual implementation of the accreditation plan may take a long period of time. See Appendix II for preliminary information on accreditation plan.

Around September 1, 1983

Constituent societies select the first Federation Board to serve for the Federation year beginning September 1, 1983 and ending August 31, 1984.

Questions or observations regarding this Federation proposal may be discussed with any of the March 14th meeting participants listed on the first page of this report. Paul Daniels of Nuveen (Chicago) is serving as an intermediary for any communications that need to be passed on to the various societies.

PRD/dn
April 8, 1983

APPENDIX I - MUNICIPAL ANALYST SOCIETIES

SOCIETY NAME	BOSTON MUNICIPAL ANALYSTS FORUM	CHICAGO MUNICIPAL ANALYSTS SOCIETY	MUNICIPAL ANALYSTS GROUP OF NEW YORK (MAGNY)	THE SAN FRANCISCO MUNICIPAL FORUM	SOCIETY OF MUNICIPAL ANALYSTS	SOUTHERN MUNICIPAL ANALYSTS' SOCIETY
SINCE	1978	1977	1940's	1972	1965	1979
REGULAR MEMBERSHIP REQUIREMENTS	Analysts & Port. mgrs. (2 yrs. research)	Analysts* (1 yr.)	Loosely research (2 yrs.)	Loose	Individual	Southern, excluding salespersons
NO. OF MEMBERS (Approx. -- incl. other- than-regular)	16 (Max. 30)	100	160	57 firms (220 ind.)	35 regular	135
ATTENDANCE	12-14	20-80	45 avg.	45 avg.	25 avg.	35-80
MEETING FREQUENCY	Monthly	Monthly	Bi-monthly	Monthly	Semi- Annual	Semi- Annual
MEETING FORMAT	Presenta- tions/ discussions	Various	Lunch/Pre- sentations by members and others	Lunch/Pre- sentations usually by non-members	Conferences	3-day Conferences
MEETINGS OPEN	No*	Yes	Yes*	Open to guests brought by member	No	Yes (except salespersons*)
DUES	None	\$35.00*	\$20.00	\$20/firm covers 2 members (+ \$10/ additional)	-	\$25.00

* Qualified

APPENDIX II - PRELIMINARY INFORMATION ON ACCREDITATION

It has been suggested that the Federation accreditation program might include an initial "grandfathering" for some, but not all, certificate requirements. This would be similar to the credit given for experience when the CFA program began about 20 years ago. Requirements for accreditation would presumably include education and/or experience standards combined with one or more examinations -- and possibly a study program leading up to the exam. It is possible that the initial examination process could include a research thesis and/or an oral examination.

It has been suggested that a written examination process might be tied in with the existing MSRB examinations. This has been preliminarily discussed with a member of the MSRB's staff who has questioned whether the federal law under which the MSRB operates would permit this. Even if the law would permit such cooperation, there is doubt whether the MSRB would agree, as a matter of policy, to such joint use of their examination question bank.

There may be a possibility of a cooperative examination procedure with The Institute of Chartered Financial Analysts. The Institute has such arrangements with the Investments Counsel Association of America in relation to the Chartered Investment Counsellor (CIC) designation. A representative of The Institute of Chartered Financial Analysts has indicated willingness to further discuss such an approach.