

MEMO# 26536

September 28, 2012

ICI Files Letter Regarding MSRB's Proposal to Enhance Transaction Data on the Real-Time Transaction Reporting System

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TO: MUNICIPAL SECURITIES ADVISORY COMMITTEE No. 42-12 RE: ICI FILES LETTER REGARDING MSRB'S PROPOSAL TO ENHANCE TRANSACTION DATA ON THE REAL-TIME TRANSACTION REPORTING SYSTEM

The Municipal Securities Rulemaking Board has filed with the Securities and Exchange Commission a proposed rule change that would enhance the transaction data publicly disseminated from the MSRB Real-Time Transaction Reporting System ("RTRS") in real time. [\[1\]](#) ICI has filed a comment letter, which is attached and briefly summarized below.

MSRB Rule G-14 currently requires brokers, dealers, and municipal securities dealers ("dealers") to report all transactions in municipal securities to RTRS within fifteen minutes of the trade. The transaction information disseminated from RTRS (via either subscription services or through the Electronic Municipal Market Access (EMMA®) website) includes the exact par value on all transactions with a par value of \$1 million or less but includes an indicator of "1MM+" in place of the exact par value on transactions where the par value is greater than \$1 million. The MSRB has indicated that they implemented this approach to help preserve the anonymity of trading parties while not detracting in a substantial way from the benefits of price transparency.

To ensure that as many market participants as possible have access to the same amount of information at the same time about each transaction disseminated from RTRS, the proposed rule change would enhance the transaction data publicly disseminated from RTRS in real-time by including the exact par value on all transactions with a par value of \$5 million or less. While the MSRB considered displaying the exact par value of any transaction regardless of the par value, commenters, including ICI, raised concerns that increased transparency could diminish market liquidity. [\[2\]](#) Instead, we recommended an alternative approach that we believed would minimize the potential effect of increased price transparency of large trade size transactions on market liquidity. In particular, we recommended increasing the par value of trades subject to delayed disseminations (e.g.,

\$5 million or more). We explained that this approach would help protect the identities of dealers who take large positions in these securities (and therefore help preserve dealers' willingness to provide liquidity), while at the same time enhancing the price transparency of the municipal securities market. It also would give the MSRB time to evaluate any effects on market liquidity and then make any necessary adjustments as appropriate. The letter is therefore supportive of the MSRB's revised proposal, which is consistent with our recommendation.

Jane G. Heinrichs
Senior Associate Counsel

[Attachment](#)

endnotes

[\[1\]](#) SEC Release No. 34-67792 (September 6, 2012).

[\[2\]](#) See Letter from Dorothy Donohue, Deputy General Counsel—Securities Regulation, Investment Company Institute, to Ronald W. Smith, Secretary, Municipal Securities Rulemaking Board (June 29, 2012), available at <http://www.ici.org/pdf/26286.pdf>.

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