

**MEMO# 22364**

March 24, 2008

## **MSRB Seeks Comment on Proposal to Increase Available Information for Municipal Auction Rate Securities**

[22364]

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TO: MUNICIPAL SECURITIES ADVISORY COMMITTEE No. 13-08  
CLOSED-END INVESTMENT COMPANY COMMITTEE No. 9-08  
MONEY MARKET FUNDS ADVISORY COMMITTEE No. 5-08  
INST. MONEY MARKET FUNDS ADVISORY COMMITTEE No. 5-08 RE: MSRB SEEKS  
COMMENT ON PROPOSAL TO INCREASE AVAILABLE INFORMATION FOR MUNICIPAL AUCTION  
RATE SECURITIES

The Municipal Securities Rulemaking Board ("MSRB") has requested comment on a proposal to create a central system for collection and dissemination of information about Auction Rate Securities ("ARS"). [\[1\]](#) Under the proposal, auction program dealers would report to the MSRB the results of an auction in an ARS by no later than 5:00 p.m. EST on the day that auction results are provided by an auction agent. In the event that auction results have not been provided by that time, a program dealer would be required to report auction results as soon as possible after receipt from an auction agent. The proposed system would then display this information immediately on a MSRB web site. [\[2\]](#)

The MSRB proposal would divide the information to be collected into two categories: reset rate information and bidding information. Reset rate information would describe auction results. According to the proposal, it would provide investors with information about the clearing rate, identity of the program dealer, number of days of the reset period, minimum denomination, date and time of the auction, CUSIP number, interest rate for the next reset period, dollar amount of securities auctioned, and an indication of whether the clearing rate is a "maximum rate", "all hold rate," or "set by auction." Bidding information would include

additional information that may be useful to price transparency including, among others, the number of bidders, the number and aggregate dollar amount of bids made, the number, interest rate(s) and amount of bids by a program dealer for its own account, and the par amount of securities allocated to bids at clearing rate.

The proposal explains that the MSRB expects that program dealers would form agreements with third parties or designate a vendor to provide the required information to the MSRB on the program dealer's behalf. Nonetheless, the proposal clarifies that the program dealer would remain responsible for timely and accurate reporting of the requisite information. The proposal also would require each program dealer and submitter to complete and keep current an electronic registration form. On the registration form, program dealers would be required to identify third-party submitters authorized to act on their behalf.

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#### **endnotes**

[1] MSRB Notice 2008-15, Request for Comment: Plan for Increasing Information Available for Municipal Auction Rate Securities (March 17, 2008). The Notice can be found at <http://www.msrb.org/msrb1/whatsnew/2008-15.asp>. Comments are due to the MSRB no later than April 21, 2008.

[2] As proposed, users of the MSRB web site also would be able to access any additional documents on file with the MSRB's Municipal Securities Information Library associated with the particular ARS, such as official statements.