

MEMO# 26221

June 7, 2012

MSRB Seeks Comment on Enhancing Price Transparency for Large Trades

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TO: MUNICIPAL SECURITIES ADVISORY COMMITTEE No. 24-12 RE: MSRB SEEKS COMMENT ON ENHANCING PRICE TRANSPARENCY FOR LARGE TRADES

The Municipal Securities Rulemaking Board (MSRB) has published a request for comment on a proposal to provide for more rapid public dissemination of trade size information for large municipal securities transactions through the MSRB Real-Time Transaction Reporting System (RTRS), and published on the MSRB's Electronic Municipal Market Access (EMMA®) website on a real-time basis. [\[1\]](#)

Comments should be submitted to the MSRB by Monday, July 2, 2012.

Currently, transaction information disseminated from RTRS and published on the EMMA website on a real-time basis includes the par value on all transactions with a value of \$1 million or less but uses an indicator of "1MM+" in place of the par value on transactions where the value is greater than \$1 million. Five business days after the trade, RTRS disseminates and the EMMA website reveals the exact par value of the trade.

According to the MSRB, the five-day delay was intended to address concerns raised by some industry participants during the implementation of RTRS that revealing the exact value of large trades on a real-time basis would allow dealers to identify the dealer and institutional investors involved in the trade, information that could be used to trade against the dealer's position and reduce the incentive for a dealer to take large positions in these circumstances. The MSRB planned to review the five-day delay to determine if this effort to preserve the anonymity of dealers and institutional investors substantially detracted from the benefits of price transparency.

Recently, the MSRB has grown concerned that some market participants may be disadvantaged by the delay in access to the exact size of large trades because some institutional investors may have earlier access to this information through their relationships with dealers, as outlined in a recent report published by the Government Accountability Office in January 2012. [\[2\]](#) The Release notes that a foundational principal of RTRS is that all market participants would have equal access to transaction information.

Jane G. Heinrichs
Senior Associate Counsel

endnotes

[1] Request for Comment on Elimination of Large Trade Size Masking on Price Transparency Reports, MSRB Notice 2012-29 (June 1, 2012), available at <http://www.msrb.org/Rules-and-Interpretations/Regulatory-Notices/2012/2012-29.aspx>.

[2] U.S. Government Accountability Office, Municipal Securities: Overview of Market Structure, Pricing, and Regulation, GAO-12-265 (January 17, 2012), available at <http://www.gao.gov/assets/590/587714.pdf>.

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