

MEMO# 29919

May 18, 2016

ICI Draft Letter on MSRB's Concept Proposal to Improve Disclosure of Direct Purchases and Bank Loans; Comments Due May 26

[29919]

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TO: MUNICIPAL SECURITIES ADVISORY COMMITTEE No. 9-16 RE: ICI DRAFT LETTER ON MSRB'S CONCEPT PROPOSAL TO IMPROVE DISCLOSURE OF DIRECT PURCHASES AND BANK LOANS; COMMENTS DUE MAY 26

As you know, the Municipal Securities Rulemaking Board is requesting comment on a concept proposal to require municipal advisors to disclose information regarding the direct purchases and bank loans of their municipal entity clients. [\[*\]](#) The notice suggests that such disclosure could be made to the MSRB's EMMA system for public dissemination. The MSRB believes that the availability of timely disclosure of information about an issuer's direct purchases and bank loans is beneficial to fostering transparency and ensuring a fair and efficient municipal market. The MSRB hopes that any comments it receives in connection with this concept proposal will assist it in determining whether to undertake a formal rulemaking.

The Investment Company Institute has drafted the attached letter supporting the MSRB's continuing efforts to increase transparency in the municipal securities markets.

The draft letter notes that the need for comprehensive, accurate, and accessible disclosure in the municipal securities market is critical to investors because of the complexity, variety, and sheer number of securities in the market. As of fourth-quarter 2015, investors held 26 percent of the \$3.7 trillion in municipal market securities through registered investment companies and another 41 percent directly. The letter notes that these investors need timely and efficient access to information to perform credit analyses, make informed investment decisions, monitor their securities portfolios, and protect themselves from fraud.

Further, the letter notes that improving transparency and disclosure in the municipal securities market would not only provide investors with such needed access but also might strengthen investor confidence in the municipal securities market, benefiting investors and

the marketplace as a whole. To this end, the letter supports the MSRB's efforts to make timely information about an issuer's direct purchases and bank loans publicly available.

Please provide any comments to the draft letter to jheinrichs@ici.org by May 26.

Jane G. Heinrichs
Associate General Counsel

[Attachment](#)

endnotes

[*] MSRB Regulatory Notice 2016-11 (March 28, 2016), available at <http://www.msrb.org/~media/Files/Regulatory-Notices/RFCs/2016-11.ashx?la=en>.

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