

**MEMO# 26998**

February 8, 2013

## **MSRB Seeks Input on Development of New Municipal Trade Reporting System; Member Call Scheduled for February 13 at 4:00 pm Eastern**

[26998]

February 8, 2013

TO: MUNICIPAL SECURITIES ADVISORY COMMITTEE No. 7-13 RE: MSRB SEEKS INPUT ON DEVELOPMENT OF NEW MUNICIPAL TRADE REPORTING SYSTEM; MEMBER CALL SCHEDULED FOR FEBRUARY 13 AT 4:00 PM EASTERN

The MSRB is seeking comment on the first in a series of concept proposals relating to the planned development of a new central transparency platform ("CTP") as a successor to the MSRB's Real-Time Transaction Reporting System ("RTRS").\* One of the core elements of the MSRB's long-range plan for market transparency is the development of a CTP that would enhance public access to real-time pricing information about municipal securities transactions. This concept proposal seeks comment on the appropriate standard for "real-time" reporting and public dissemination of municipal securities transaction price and related information upon implementation of the CTP.

ICI will be holding a member call on Wednesday, February 13 at 4:00 Eastern time to discuss the concept proposal. If you would like to participate on the call, please contact Jennifer Odom at 202-326-5833 or [jodom@ici.org](mailto:jodom@ici.org).

### **Current Timing for Trade Reporting**

Currently, MSRB Rule G-14 requires brokers, dealers, and municipal securities dealers to report all transactions in municipal securities to RTRS within 15 minutes of the time of trade, with limited exceptions for certain transactions (as delineated in MSRB Rule G-14 and the MSRB notice) in which dealers may instead report trades by the end of the day of trade execution.

The proposal seeks comment on whether it should eliminate any of these exceptions or reduce the period of lag in reporting of trades currently subject to such exceptions, upon transitioning to the CTP.

## **Trade Reporting Process**

Current dealers may report trade information through one of three RTRS portals, including the message-based trade input RTRS portal, the RTRS web-based trade input method, and the RTTM web-based trade input method operated by NSCC. The message RTRS portal and the RTTM web portal were established as the primary methods of dealer reporting of trade data to RTRS to reduce burdens to dealers by leveraging existing data-flows through NSCC for clearance and settlement purposes. A primary reason for pursuing this “straight-through process” was to improve dealer compliance and overall data quality by maximizing the extent to which data used to execute transactions also was used for reporting purposes without further re-keying of such data.

Among other things, the proposal seeks comment on whether the MSRB’s initial decision to adopt a straight-through processing approach with regard to trade reporting and marketplace clearance and settlement functions should continue to drive the trade reporting process for the CTP.

## **Timeliness of Trade Reporting**

With respect to the timeliness of trade reporting, the MSRB has observed that trades with smaller par values have tended to be reported more quickly than trades with larger par values. The proposal also notes that the January 2012 GAO report on municipal securities market structure, pricing, and regulation concluded that individual investors generally have less information about transaction prices than institutional investors.

Among other things, the proposal seeks comment on the factors that may have resulted in the more rapid trade reporting of small trades as compared to large trades. The proposal also asks whether shortening the timeframe for reporting of municipal securities trades help to reduce the potential for improper selective disclosure of trade price information prior to its full dissemination through the upcoming CTP.

## **Central Transparency Platform**

Finally, in connection with the MSRB’s long-range plan to include more contemporaneous real-time trade price/yield information for all municipal securities trades, the proposal seeks comment on certain baseline technology, processes, and protocols relating to some potential new data elements or data types (e.g., bid/offer information, yield spreads) not currently included in data required to be reported to RTRS to assist the MSRB in pursuing a CTP architecture.

Jane G. Heinrichs  
Senior Associate Counsel

---

**Source URL:** <https://icinew-stage.ici.org/memo-26998>

Copyright © by the Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.