

MEMO# 15917

April 17, 2003

MSRB PROPOSAL TO PROVIDE MORE FREQUENT REPORTING OF MUNICIPAL SECURITIES TRANSACTIONS

[15917] April 17, 2003 TO: FIXED-INCOME ADVISORY COMMITTEE No. 8-03 RE: MSRB PROPOSAL TO PROVIDE MORE FREQUENT REPORTING OF MUNICIPAL SECURITIES TRANSACTIONS The Municipal Securities Rulemaking Board has filed with the Securities and Exchange Commission a proposed rule change regarding MSRB Rule G-14, on reports of sales or purchases, to increase transparency in the municipal securities market.¹ The MSRB's proposal is part of its ongoing efforts to increase price transparency in the municipal securities market by increasing the amount of price data available on municipal securities transactions on the day after trade date. The MSRB's proposal relates to its Daily Transaction Report (or "T+1 Daily Report"), which contains details of each transaction in any municipal security that was frequently traded the previous business day.² Since the report's inception, "frequently traded" securities have been defined as those that were traded four or more times on a given business day. In May 2002, the SEC approved the MSRB's proposal to reduce the trading threshold by defining "frequently traded" securities as those that were traded three or more times on a given business day.³ In November 2002, the threshold was further reduced to two or more times on a given business day.⁴ The MSRB's current proposal would eliminate the trading threshold in its T+1 Daily Report in its entirety. The MSRB explains that displaying all trades reported by dealers on trade date will help it prepare for the move to real-time price transparency in mid-2004. The comment period on the MSRB's proposal ends May 6, 2003. The Institute is considering preparing a comment letter on the MSRB's proposal. If there are comments that

1 See SEC Release No. 34-47650 (April 15, 2003). The Commission's release is available from the Federal Register at

<http://a257.g.akamaitech.net/7/257/2422/14mar20010800/edocket.access.gpo.gov/2003/pdf/03-9109.pdf>. 2 The report is provided to subscribers via the Internet, and contains transaction information reported to the MSRB by brokers, dealers, and municipal securities dealers (collectively, "dealers") pursuant to MSRB Rule G-14, which requires dealers to report to the MSRB or its designate essentially all inter-dealer and customer transactions in municipal securities by midnight of trade date. 3 See SEC Release No. 34-45861, 67 Fed. Reg. 30989 (May 1, 2002). 4 See SEC Release No. 34-45819, 67 Fed. Reg. 69779 (November 12, 2002). 2 you would like the Institute to consider including in such a letter, please submit them to Barry Simmons at (202) 326-5923 (phone), (202) 326-5827 (fax), or bsimmons@ici.org (email), by Wednesday, April 23, 2003. Barry E. Simmons Associate Counsel

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.