

MEMO# 14758

May 28, 2002

SEC APPROVAL OF MSRB PROPOSAL TO PROVIDE MORE FREQUENT REPORTING OF MUNICIPAL SECURITIES TRANSACTIONS

[14758] May 28, 2002 TO: FIXED-INCOME ADVISORY COMMITTEE No. 7-02 RE: SEC APPROVAL OF MSRB PROPOSAL TO PROVIDE MORE FREQUENT REPORTING OF MUNICIPAL SECURITIES TRANSACTIONS The Securities and Exchange Commission has issued an order approving a proposed rule change by the Municipal Securities Rulemaking Board regarding its Transaction Reporting Program.¹ As approved, the MSRB's proposed changes to its Daily Transaction Report are intended to provide a greater amount of information to the public and increase market transparency.² As noted in the SEC's release, the MSRB provides its subscribers with a Daily Transaction Report, which contains details of each transaction in any municipal security that was frequently traded the previous business day. The SEC-approved rule change would redefine "frequently traded" to mean securities that were traded three or more times on a given business day. Previously, the MSRB had defined "frequently traded" securities as those that were traded four or more times on a given business day. In the release, the MSRB explains that reducing the reporting threshold to three trades per day would increase substantially the proportion of municipal securities market activity (i.e., trades, issues and par value) that is contained in the report. Barry E. Simmons Associate Counsel 1 See Self-Regulatory Organizations; MSRB; Order Granting Approval of Proposed Rule Change by the Relating to Rule G-14, on Reports of Sales or Purchases, SEC Release No. 34-45861 (May 1, 2002); 67 Fed. Reg. 30989 (May 8, 2002). The Commission's release is available from the Federal Register at: http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=2002_register&docid=02-11394-filed.pdf. 2 The MSRB's Daily Transaction Report, which is provided to subscribers, 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.