

MEMO# 16479

August 29, 2003

MSRB WITHDRAWS CONTROVERSIAL TRADING HALT RULE PROPOSAL

[16479] August 29, 2003 TO: FIXED-INCOME ADVISORY COMMITTEE No. 15-03 MONEY MARKET FUNDS ADVISORY COMMITTEE No. 17-03 RE: MSRB WITHDRAWS CONTROVERSIAL TRADING HALT RULE PROPOSAL As we previously informed you, the Municipal Securities Rulemaking Board issued a rule proposal to allow it to institute trading halts in the municipal securities market during an MSRB-declared market emergency.¹ The proposal would, among other things, prohibit a broker, dealer or municipal securities dealer from effecting transactions in municipal securities during such emergencies, and would institute specific procedures governing special meetings of the Board to declare a market emergency. In response to a request by the Securities and Exchange Commission, the MSRB has issued a release withdrawing its controversial trading halt proposal.² The release explains that the withdrawal decision was made in part as a result of the “thoughtful and energetic debate” resulting from the comment process, and the “wide variety of views” expressed on the issue. Although the proposal is withdrawn, the release notes that the issue is still under consideration. Barry E. Simmons Associate Counsel 1 See Memorandum to Fixed Income Advisory Committee No. 2-03 [15686], dated February 24, 2003. The Institute submitted a comment letter in opposition to the proposal. See Memorandum to Fixed Income Advisory Committee No. 5-03, and Money Market Funds Advisory Committee No. 4-03 [15782], dated March 20, 2003. 2 See MSRB Notice 2003-37, Withdrawal of Market Emergencies Rule Filing (August 28, 2003). The MSRB release is available at <http://ww1.msrb.org/msrb1/whatsnew/marketclosewithdrawal.htm>.

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