

**MEMO# 15430**

December 6, 2002

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

[15430] December 6, 2002 TO: FIXED-INCOME ADVISORY COMMITTEE No. 14-02 RE: SEC APPROVAL OF MSRB PROPOSAL TO PROVIDE MORE FREQUENT REPORTING OF MUNICIPAL SECURITIES TRANSACTIONS The Securities and Exchange Commission has issued an order granting approval of a proposed rule change by the Municipal Securities Rulemaking Board regarding its Transaction Reporting Program.<sup>1</sup> As approved, the MSRB's proposed changes to its Daily Transaction Report are intended to increase price transparency in the municipal securities market.<sup>2</sup> As noted in the SEC's release, the MSRB provides its subscribers with a Daily Transaction Report that contains details of each transaction in any municipal security that was frequently traded the previous business day. The SEC-approved rule change would define "frequently traded" to mean securities that were traded two or more times on a given business day. Earlier this year, the SEC had granted approval for the MSRB to define "frequently traded" as those securities that were traded three or more times on a given business day.<sup>3</sup> The MSRB explains that reducing the reporting threshold to two trades per day will help it reach its ultimate goal of disseminating comprehensive and contemporaneous pricing data. Barry E. Simmons Associate Counsel 1 See SEC Release No. 34-46819 (Nov. 12, 2002). The Commission's adopting release is available at: <http://a257.g.akamaitech.net/7/257/2422/14mar20010800/edocket.access.gpo.gov/2002/pdf/02-29311.pdf>. 2 The MSRB's Daily Transaction Report, which is provided to subscribers via the Internet, 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 SEC Release No. 34-45861 (May 1, 2002). Prior to that, the reporting standard had been four or more times daily.