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SEC Approves Additional Post-Trade Data Collection.

WASHINGTON – The Securities and Exchange Commission has approved the Municipal Securities Rulemaking Board's proposal to collect additional post-trade data for EMMA, the MSRB announced late Tuesday.

The new data reporting requirements, which take effect on May 23, 2016, are included in amendments to MSRB Rule G-14 on trade reporting and the MSRB's facility for its Real-Time Transaction Reporting System (RTRS).

The amendments will require dealers to report new information through the RTRS, such as whether a trade occurred on an alternative trading system or involved a non-transaction based fee. They also would eliminate the requirement for dealers to report the yield for trades with customers.

"The MSRB's EMMA website provides an unrivaled window into the trading of municipal securities for investors and other market participants," said MSRB executive director Lynnette Kelly. "With the addition of useful new data points, the market – regulators included – will gain a better understanding of the ever-evolving practice of trading municipal securities, particularly the growing use of ATSs."

The MSRB first floated the proposal back in August. At that time the amendments included a provision that would have required dealers to flag trades that occurred as a result of conditional trade commitments.

CTCs occur when dealers solicit, accept, and conditionally allocate orders prior to the signing of the bond purchase agreement. The prices agreed upon do not necessarily reflect market conditions at the time of the formal award of the bonds. But because trades cannot officially be executed until the bond purchase agreement is signed and the bonds are formally awarded to the underwriter, conditional commitments appear on EMMA the same day as the day the bonds are issued and initially sold. There is no way to distinguish bonds sold via CTCs and bond sold the day the purchase agreement is signed.

During the comment period late last year, dealers said the new reporting requirements could be costly and operationally difficult, particularly a CTC indicator. The MSRB determined during its October 2014 board meeting to move forward with the proposal, but to leave the conditional trade commitment indicators out.

The SEC received three comment letters on the proposal, from the Bond Dealers of America, Securities Industry and Financial Markets Association, and the Financial Services Institute, with the dealers reiterating concerns about burdens.

However, the SEC said in its approval order that the "MSRB considered carefully and responded adequately to comments and concerns regarding the proposed rule change." While the commission acknowledged that the new requirements impose some burden on dealers, it said it does so evenly to all dealers and gives them a long implementation period.

THE BOND BUYER

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