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MSRB Requests Comment on Requiring Disclosure of Mark-Ups.

Alexandria, VA – The Municipal Securities Rulemaking Board (MSRB) is seeking public comment on a proposal to require municipal securities dealers to disclose on retail customer confirmations the amount of the mark-up in a class of principal transactions. The mark-up disclosure proposal seeks to enhance the transparency of investor transaction costs and dealer compensation in the municipal securities market and is the first proposal of its kind in over 20 years.

"Investors need a way to understand the true costs of their municipal securities transactions," said MSRB Executive Director Lynnette Kelly. "Our new proposed approach would offer greater clarity for investors as to dealer compensation while leveraging the existing processes and systems dealers use to comply with their fair-pricing obligations."

The draft amendments to MSRB Rule G-15, in essence, would require dealers acting as principal to disclose to retail customers their mark-up from the prevailing market price of a municipal security if the dealer makes a corresponding trade within two hours of the customer trade. To assist investors in learning more about the market for their traded security, the draft amendments also would require all retail customer confirmations to include a link to the main page for the security on the MSRB's Electronic Municipal Market Access (EMMA®) website. The EMMA website provides free public access to official disclosures, trade data, credit ratings, educational materials and other information about virtually all municipal securities.

The MSRB's request for comment seeks input on possible alternatives to its preferred approach, including a modified version of the MSRB's earlier proposal to require dealers to provide on retail customer confirmations a reference price for a comparable transaction by the dealer and the difference between those prices.

The MSRB's mark-up disclosure proposal to increase the transparency of dealer compensation and transaction costs aligns with the MSRB's strategic priorities and is based on a recommendation in the SEC's 2012 Report on the Municipal Securities Market. Read the request for comment.

The MSRB will host an educational webinar to review its request for comment on Thursday, October 29, 2015 at 3 p.m. Eastern Time. Register for the webinar.

Comments should be submitted no later than November 20, 2015.

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