

# Bond Case Briefs

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## BDA Submits Comment Letter to the SEC: MSRB Retail Confirmation Disclosure Rule Proposal.

BDA has submitted a comment letter to the SEC in response to the MSRB's filing of its proposed retail confirmation disclosure rule along with proposed guidance amendments to MSRB Rule G-30 related to 'prevailing market price'.

On Friday, September 9th BDA submitted a [comment letter](#) to SEC in response to FINRA's filing of its [proposed retail confirmation rule](#) with the SEC. The letter and FINRA's rule filing can be viewed [here](#).

**The BDA's letter related to MSRB's proposal is focused on the following key issues:**

- The urgent need for FINRA and MSRB to harmonize their rules from a policy, testing date, and effective date standpoint
- BDA urges regulators to appreciate the operational burdens associated with automating the process for making a 'prevailing market price' judgement especially related to the 'similar' security analysis that will frequently be required for municipal securities
- Due to the operational and technology burdens of the rule and the other major rules that will be effective in the next 24 months
- BDA urges the SEC to institute proceedings on both the FINRA and MSRB filings to extend the time period for assessing the rules prior to approval or disapproval

### **Proposal Overview**

**Scope of Transactions:** The proposal will apply to retail trades when a dealer has entered into an offsetting principal trade in the same security in a total quantity greater than the retail trade during the same trading day

**Timing of Trades:** MSRB proposes to have the rule apply to offsetting principal and retail trades that are executed on the same trading day as opposed to over a certain amount of hours during a given trading day

**Disclosure Computation:** MSRB has proposed to base the confirmation disclosure computation on the difference between the prevailing market price that exists at the time of the retail trade and the retail trade price

- MSRB Rule G-30 Amendments: "Dealers must establish market value as accurately as possible using reasonable diligence under the facts and circumstances" based on the FINRA 2121 "waterfall" concept. MSRB notes that it has filed the G-30 amendments with only minor amendments in comparison to the proposed amendments [BDA commented on](#) in March 2016.

**Time of Trade Disclosure and Link to EMMA on Confirms:** Unlike FINRA, MSRB included a requirement to include a time of trade of disclosure on all retail and institutional customer confirmations in addition to a link to EMMA on retail confirms regardless of whether the mark-up

disclosure is required on the transaction.

**Proposed Effective Date:** No later than 365 days after the SEC approves the rule

**Additional Information:**

A recap of BDA's April 2016 Member Fly-in Meeting with FINRA and MSRB can be viewed [here](#).

BDA's December 2015 comment letters to FINRA and MSRB can be reviewed [here](#).

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