

# **Bond Case Briefs**

*Municipal Finance Law Since 1971*

---

## **MSRB Academic Trade Data Product Available Feb. 27.**

WASHINGTON - The Municipal Securities Rulemaking Board announced on Thursday that starting Feb. 27, academic institutions will be able to request one-year data sets from a new data product that will identify dealers in some way without naming them.

The data in the product will come from post-trade municipal securities transaction information collected through the Real-time Transaction Reporting System (RTRS) and will be three years old at the time it is provided. Academic institutions will be able to request the data sets on a rolling basis for a fee of \$500 for each year of data, with a one-time initial set-up fee of \$500.

The MSRB said last month in an SEC filing announcing the fee that while it usually waives fees associated with MSRB subscription services or historical data products for nonprofit organizations, it feels the fees for the new product are appropriate and not overly burdensome given the additional legal and operational effort that establishing the new product required.

"The establishment of the RTRS Academic Data Product adds to the MSRB's current offering of data products and furthers the MSRB's mission to improve the transparency of the municipal securities market by facilitating access to municipal market data for academic institutions," the MSRB said in its regulatory notice announcing the effective date.

The data product is the result of changes to MSRB Rule G-14 on reports of sales and purchases, which requires dealers to report municipal security trade information to the MSRB's RTRS within 15 minutes of the time of trade. The SEC approved the rule change in September.

The MSRB already makes much of the data reported to RTRS publicly available through its EMMA system as well as through subscription services or historical data sets, but none of the currently available data differentiates between dealers. The lack of dealer identifiers limits a researcher's ability to fully understand secondary market trading, according to the MSRB.

The self-regulator said the new data, which will not include information about list offering prices and takedown transactions, is the result of requests certain academics have made for an enhanced version of RTRS trade data that includes dealer identifiers.

Academics showed their support for the new product in comment letters sent to the MSRB after the self-regulator first announced the idea in July 2015. However, Bond Dealers of America and the Securities Industry and Financial Markets Association said they were concerned that the identifiers would open their members up to harmful reverse engineering.

The MSRB responded to those concerns by strengthening the conditions that would apply to academics who use the product. Any academic institution that wants access to the data product will have to agree: not to attempt to reverse engineer the identity of any dealer; not to redistribute the data in the product; to disclose each intended use of the data; to ensure that any data presented in work products be sufficiently aggregated to prevent reverse engineering of any dealer or transaction; and to return or destroy the data if the agreement is terminated.

The data will also only be available to academics associated with institutions of higher education.

Lynnette Kelly, the MSRB's executive director, has said the self-regulator took measures to make the data "as rich as possible for researchers while guarding against the potential for reverse engineering to identify the dealers in a particular transaction."

However, SIFMA and BDA, in their last comment letters to the SEC before the rule changes to create the product received approval, said they still had concerns.

SIFMA appreciated the MSRB's changes to strengthen the protections against reverse engineering, but Leslie Norwood, SIFMA managing director and co-head of municipal securities, said the group felt its concerns "were largely dismissed in the adoption of the changes" and did not believe the suggested MSRB's limitations in the user agreement are sufficient to prevent potential misuse of data.

BDA said that it still thinks it is very likely that private and non-educational entities will end up getting the full trade history, including dealer names, for every trade released through the product. John Vahey, managing director for federal policy with BDA, urged regulators to be vigilant in protecting the integrity of the marketplace in the future.

## **The Bond Buyer**

By Jack Casey

November 17, 2016