

# **Bond Case Briefs**

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## **New MSRB Report Examines Trends in Customer Trading Activity of Municipal Securities Dealers.**

Washington, DC - The Municipal Securities Rulemaking Board (MSRB) today published a report that shows—despite sharp declines in dealer inventories of municipal securities and the number of dealers—municipal securities trading activity on behalf of investors has remained relatively stable over the past several years, with robust dealer participation and less concentration among top dealers.

Today's report is the first-ever to analyze changes and trends in the customer trading activity of municipal securities dealers. The report notes the steady decline in the number of municipal securities dealers since 2006 but finds that most dealers that have exited the market were infrequent traders of municipal securities.

“Our analysis shows that most dealers that have exited the market provided little liquidity and participated in very few trades—typically fewer than 10 trades in a year,” said MSRB Director of Research Marcelo Vieira. “Meanwhile, the number of dealers with substantial municipal business—those executing more than 25,000 trades per year—has increased.”

The MSRB's [\*Dealer Participation and Concentration in Municipal Securities Trading\*](#) report also examines dealer concentration, or the dealer market share of municipal customer trades. Market share of top dealers has declined since 2006, when the top five dealers accounted for 42.2 percent of municipal customer trades. In 2017, the top five dealers accounted for 34.6 percent of all municipal customer trades. The report includes detailed tables and statistics on dealer participation and concentration, aggregated by bands of trade volume and most-active dealers.

The MSRB [evaluates municipal market trends](#) as part of its mission to promote a fair and efficient market and plans to continue studying dealer data. Public and industry input on additional topics, including trends in the inter-dealer market, is welcome and should be referred to Marcelo Vieira at [mvieira@msrb.org](mailto:mvieira@msrb.org).

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Contact: Jennifer A. Galloway, Chief Communications Officer  
202-838-1500  
[jgalloway@msrb.org](mailto:jgalloway@msrb.org)