
MSRB Compares ATS And Broker's Broker Trading Platforms: Cadwalader

The Chief Economist for the MSRB analyzed the effect of electronic trading technology by comparing trading activity on alternative trading systems ("ATSs") with broker's broker platforms.

The author drew the following conclusions:

- ATS platforms (i) are more likely to include inter-dealer trades that are smaller and involve municipal securities with "complex features" (g., insured bonds and bonds with call features) and (ii) provide more robust search functions as compared to broker's broker platforms.
- ATS platforms appear to promote "visible liquidity and price discovery," particularly for municipal securities that are not commonly traded or well-known.
- Broker's broker trading platforms may be geared more towards trading for institutional investors and dealer's principal positions.

The MSRB emphasized that the analysis was "preliminary" and the results "may warrant further investigation."

31 August 2021

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