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FINRA and MSRB Release Proposals to Provide Pricing Reference Information for Investors in Fixed Income Markets.

Alexandria, VA – The Financial Industry Regulatory Authority (FINRA) and the Municipal Securities Rulemaking Board (MSRB) today released companion proposals that would require disclosure of pricing reference information on customer confirmations for transactions in fixed income securities. The proposals are substantially similar but seek input on factors unique to the corporate and municipal bond markets.

Under the two proposals, bond dealers in retail-sized fixed income transactions would be required to disclose on the customer's confirmation the price of certain same-day principal trades in the same security, as well as the difference between this reference price and the customer's price. Read the MSRB's request for comment. Read FINRA's request for comment.

"Requiring additional pricing-related disclosure to investors as part of the customer confirmation promotes price transparency and will benefit customers in retail-sized trades," said Robert Colby, FINRA's Chief Legal Officer.

Trade prices are publicly available for corporate bonds on FINRA's Trade Reporting and Compliance Engine® (TRACE®) and for municipal securities on the MSRB's Electronic Municipal Market Access (EMMA®) website.

"Our approach takes information already available to the public online but provides it directly to retail investors at the time of the transaction, enabling them to more easily evaluate their transaction costs," said MSRB Executive Director Lynnette Kelly.

The Securities and Exchange Commission (SEC) recommended that the MSRB consider requiring disclosure of pricing reference information to retail investors as part of a series of recommendations related to price transparency in the SEC's 2012 Report on the Municipal Securities Market.

"Publishing these proposals simultaneously will allow for efficient responses to both proposals and facilitate consideration of whether any differences between the municipal securities and corporate bond markets justify differences in regulations in this area," Kelly said.

FINRA and the MSRB are seeking input on the likely economic implications of the proposals as well as on alternative regulatory approaches, including a potential markup disclosure requirement targeting trades that could be considered riskless principal transactions.

"We invite commenters to provide data where possible to inform our analysis of the potential economic impact of the current proposals and any alternative approaches," said FINRA's Chief Economist Jonathan Sokobin.

Comments should be submitted to FINRA and the MSRB no later than January 20, 2015.

[Read the MSRB's request for comment.](#)

[Read FINRA's request for comment.](#)

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