

# **Bond Case Briefs**

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## **MSRB: Trades Down, Disclosures Up.**

WASHINGTON — Par volume traded for municipal securities was \$2.77 trillion in 2014, the lowest in over a decade, according to the Municipal Securities Rulemaking Board fact book released Wednesday.

The dramatic drop in trade volume is 11% below the 2013 level and nearly 60% lower than the peak of \$6.69 trillion traded in 2007. The 8.91 million of total trades in 2014 is 16% lower than 2013 and is the lowest level since 2006, when 8.47 million trades were executed.

Matt Posner, a managing director at Municipal Market Analytics, said banks and broker-dealers have analyzed the regulatory environment post-Dodd-Frank Act as well as the growing market for bank loans to issuers and are choosing to move away from the secondary muni market.

"I think a lot of them are deciding to put less capital into the market," he said.

Marcelo Vieira, director of research at the MSRB, said the low trade volume is probably the result of a confluence of factors.

"You have a relatively low primary market supply. You have a low-interest environment," he said. "Obviously the numbers are very low, historically speaking."

The report also shows continuing disclosures increased nearly 19% in 2014, possibly the result of the Securities and Exchange Commission's Municipalities Continuing Disclosure Cooperation initiative. That program, launched last spring, gave issuers and dealers the chance to get lenient settlement terms for voluntarily reporting instances where they misled investors about their compliance with continuing disclosure agreements. MCDC has vastly increased the focus on continuing disclosure over the past several months.

The MSRB collects data via its EMMA system, the sole required disclosure repository for the muni market.

THE BOND BUYER

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