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## **MSRB To Publish Best Ex Guidance.**

WASHINGTON - The Municipal Securities Rulemaking Board plans to publish interpretive guidance on its best execution rule no later than July, MSRB chair Kym Arnone said Monday.

Arnone, a managing director and head of municipal securitization initiatives at Barclays Capital, made the comments during a press call following the board's quarterly meeting at its Alexandria, Va. headquarters late last week.

The meeting did not feature any formal regulatory action, but Arnone said staff updated the board on the development of the guidance, which will be in a frequently-asked-questions, or FAQ, format.

The best execution rule, G-18, will become effective on Dec. 7. It generally would require dealers to use "reasonable diligence" to determine the best market for a security and then buy or sell the security in that market so the resulting price to the customer "is as favorable as possible under prevailing market conditions."

Some dealers have voiced questions about how traders will be able to demonstrate due diligence. MSRB chief legal officer Robert Fippinger said the FAQs will purely be interpretive of the rule, and will not modify it in any way.

The staff also provided the board with an update on its exploration of adding certain pre-trade pricing information to EMMA. Arnone said the MSRB has been working with at least one alternative trading system to find out what kinds of data might be available as a useful addition to EMMA. Earlier this year the Financial Industry Regulatory Authority proposed requiring ATS' to provide information to FINRA "solely for regulatory purposes," and panelists at the National Municipal Bond Summit in Florida last month said they expected the MSRB would likely not be far behind

MSRB executive director Lynnette Kelly said it is premature to discuss a timeframe for when the board might make a decision about collecting and adding more pre-trade information, but that the MSRB could eventually either require it by rule or request that ATS' supply some set of information to EMMA.

"The goal is to review a broad spectrum of information," Arnone said.

The board also discussed comments it received on its proposal to require dealers, when acting as principals, to disclose to customers on their confirmations, a "reference price" of the same security traded that same day. The MSRB made that proposal jointly with a FINRA proposal for corporate bonds last year, and the Securities Industry and Financial Markets Association told the MSRB in a January comment letter that the approach is wrong and that enhancements to EMMA are a better way to inform investors about pricing information.

Arnone said the board spent "considerable time" discussing the reference price proposal, and agreed to continue evaluating the proposal in coordination with FINRA.

"There's no question that this is a very complex issue," Arnone said.

The next MSRB board meeting will be July 29-31, the last one of the fiscal year.

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