

Bond Case Briefs

Municipal Finance Law Since 1971

New MSRB Rule Will Increase Available Information Regarding Trades of Municipal Securities: Butler Snow

Last month, the Securities and Exchange Commission (the “SEC”) approved amendments by the Municipal Securities Rulemaking Board (the “MSRB”) to MSRB Rule G-14 regarding the reporting of trades of municipal securities. These changes will provide issuers, investors and the general public with more information regarding the ongoing market for municipal bonds and similar securities. Presently, bond dealers are required to report most executed transactions of municipal securities to the MSRB via its Real-Time Transaction Reporting System (“RTRS”) within 15 minutes of the trade. The MSRB sells this data to vendors and financial institutions, and also makes some of the data available to the public at no charge. The public may access this information by visiting the MSRB’s Electronic Municipal Market Access system (“EMMA”) and searching for an issue. Once on the page of an individual issue, a member of the public may find this information by clicking on the tab labeled “Trade Activity.” Under the new rule, new information will be available on this system including: (1) List Offering Price and Takedown Transaction indicators for additional transactions; (2) a new indicator showing whether the transaction includes a dealer compensation component such as a mark-up, mark-down or commission; and (3) a new indicator to indicate trades that have occurred using alternative trading systems (“ATs”). In addition, the rule changes remove the requirement that dealers report the yield of a security for each trade, as the MSRB has indicated that it will perform these calculations itself and publish the results. In announcing the approved changes, MSRB Executive Director Lynette Kelly said “The MSRB’s EMMA website provides an unrivaled window into the trading of municipal securities for investors and other market participants. With the addition of useful new data points, the market – regulators included – will gain a better understanding of the ever-evolving practice of trading municipal securities, particularly the growing use of ATs.” The new reporting requirements take effect on May 23, 2016, giving dealers time to establish the appropriate reporting systems. The MSRB expects to release additional technical guidance to assist firms with this process. For further reading, please read the full-text of the MSRB amended rule and the SEC’s approval order.

Last Updated: June 23 2015

Article by Matthew O. Gray and Elizabeth Lambert Clark

Butler Snow LLP

The content of this article is intended to provide a general guide to the subject matter. Specialist advice should be sought about your specific circumstances.