

# Bond Case Briefs

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## DOJ Investigating Competition In Muni Bond Listing Market.

**Law360, New York (September 2, 2015, 6:21 PM ET)** — The U.S. Department of Justice is investigating whether several inter-dealer brokers have colluded to thwart competition from rival trading and price-listing services for pricing data on secondary sales of municipal bonds, according to sources close to the probe.

The Antitrust Division's networks and technology section opened an investigation into allegations that the dealers, that handle second-hand trades of municipal bonds between banks and other investors, have agreed to limit information about their buying and selling rates to a site owned by the same group as at least two of the major firms called MuniBrokers.com, two sources close to the investigation told Law360.

The investigation began in April, and the watchdog has been reaching out to industry players, including brokers and price-listing sites, the sources said.

The probe focuses on the market for trading municipal bonds between investors after they have been issued by states, cities and the like.

Unlike stocks and similar types of securities that trade on public exchanges, fixed-income derivatives such as muni bonds trade in an extremely fragmented market with limited transparency about pricing.

Inter-dealer brokers handle large wholesale trades for banks and other institutions looking to move blocks of bonds anonymously, and have historically posted the rates at which they're willing to buy or sell a certain number of bonds on their own websites without charge as well with some price aggregators, such as Fabkom Inc.

At the same time, platforms like KCG BondPoint, TradeWeb Direct and former market leader Bond Desk, which is now part of TradeWeb, have allowed dealers and others to post information about bonds for sale to the retail market.

MuniBrokers.com launched in early 2014 as a platform for the inter-dealer brokers to share their pricing information, and there are now nine firms using the service, according to the website.

The DOJ is investigating whether firms using MuniBrokers.com's trading system have agreed, or have been forced, not to advertise their rates on other platforms, effectively boycotting rival services, the sources said. The agency is also questioning whether the inter-dealer brokers have colluded to keep other platforms that list the prices at which brokers want to buy and sell bonds from sharing that data from one another.

MuniBrokers.com is owned by the same group as inter-dealer broker Hartfield Titus & Donnelly LLC, and both companies are run out of the same Jersey City, New Jersey, offices, according to their websites. Hartfield and another major inter-broker dealer, RW Smith & Associates LLC, are also

owned by the same holding company, Town Square Holding LLC.

It is unclear whether the other inter-broker dealers have any stake in the MuniBrokers.com platform.

Jay Caldas, president of MuniBrokers.com and a partner at Hartfield, declined to comment on the matter.

RWS President and CEO Paige Pierce said “until the investigation is concluded, we are unable to comment.”

The other inter-dealer brokers that use MuniBrokers.com are Butler Muni LLC, Regional Brokers Inc., Stark Municipal Brokers, Clayton Lowell & Conger Inc., Tullett Prebon unit Chapdelaine, BGC Brokers division Wolfe & Hurst, Bond Brokers Inc. and Sentinel Brokers Co. Inc.

RBI President Joe Hemphill declined to comment on the matter. A representative for Clayton Lowell declined to comment on the matter.

Stark President and CEO Stephen Stark said he was not aware of the investigation and had not been contacted by the DOJ.

Representatives for Butler, Chapdelaine and BGC did not immediately return requests for comment. People at Wolfe and Sentinel declined to provide representatives for comment.

A representative for the DOJ did not respond to requests for comment Wednesday.

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