[Bond Case Briefs]

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[MSRB Expands Access To Data Offerings Through Research Platform.]

WASHINGTON – The Municipal Securities Rulemaking Board is making its trade data available through a research platform to individuals associated with more than 400 institutions around the world, but without the controversial anonymous dealer identifiers in a proposed new product still under development.

The subscription-based research platform where the data is now available, Wharton Research Data Services (WRDS), gives about 40,000 corporate, academic, and government users located in more than 30 countries access to data in areas like accounting, banking, economics, finance, marketing and statistics. The platform is associated with the University of Pennsylvania's Wharton School of Business and will offer all of the data already available for paid MSRB subscribers.

The MSRB, in a release about the available information on the new platform, said it will allow researchers to study statistical trends and patterns in the data to inform public policy and municipal finance using information from the 40,000 trades that are executed daily in the municipal market.

"The MSRB is excited to be working with WRDS to make this data available to universities and other institutions in a way that fosters academic research," said MSRB executive director Lynnette Kelly. "We support and encourage independent research that advances understanding of the municipal market and informs policymakers."

Robert Zarazowski, managing director of WRDS, said "advancing knowledge and helping clients quickly and easily obtain the data they need to perform ground-breaking research is what we do."

Despite the positive outlook from the MSRB and WRDS, at least one data analyst said it will take time for the MSRB data to really be useful to some researchers.

"I think it is going to take a while for many academics to figure out how to use this data," said Marc Joffe of the Center for Municipal Finance. "Because any given issuer has a lot of CUSIPs, it will be challenging to figure out what this CUSIP-level data can tell us about cities, counties, [and] school districts."

For example, he said, if a researcher wants to study the interest rates a county is paying in a given month, the researcher may have to look at 40 bonds the county has outstanding. Some of those bonds will trade once, some multiple times, and some not at all.

"You'd have to implement some procedure for determining which trades to include and then how to aggregate them," he said.

Meanwhile, the MSRB is still wrestling with whether to include anonymous dealer identifiers in data offerings to academics, despite protests from dealer groups that this could lead to the uncovering of proprietary information. Academics, however, want the anonymous dealer identifiers, saying this is key to certain research.

The anonymous identifiers were part of a July 2015 proposal for a new data product that has not moved forward after one round of comments. The MSRB already makes public some post-trade information that dealers are required to report, but the data does not identify dealers or customers.

The proposed trade product, besides including anonymous dealer identifiers, would: require academics to agree not to engage in reverse engineering; prohibit redistribution of data; mandate users disclose their specific intentions for requesting the information; and only be available to academics with institutions of higher education. Information would also have to be more than two years old to be eligible for release.

Bond Dealers of America and the Securities Industry and Financial Markets Association both said in comment letters on the proposed product that they were concerned this would open their members up to the possibility of having their identities, trading strategies, and inventories discovered through reverse engineering.

But academics who wrote letters argued the market would see more liquidity if they were allowed to access the proposed new data. They also wanted to see a shorter delay in release, with the majority suggesting one year instead of two and one saying six months would be best.

The Bond Buyer

By Jack Casey

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