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MSRB Seeks Comment on Potential Benefits and Challenges of Shortening Trade Reporting to Within One Minute.

Washington, D.C. – The Municipal Securities Rulemaking Board (MSRB) today opened a 60-day comment period to re-examine time of trade reporting requirements first established in 2005 and last considered in 2013. The MSRB's request for comment, released in coordination with a parallel proposal by the Financial Industry Regulatory Authority (FINRA), is part of the MSRB's broad retrospective review of the entire body of MSRB rules and interpretive guidance to identify opportunities to modernize the rule book in light of evolving market practices and to align its rules, as appropriate, with those of other regulators.

Specifically, the MSRB is seeking public comment on the potential benefits and challenges of a proposed amendment to MSRB Rule G-14 to generally require that transactions in municipal securities are reported as soon as practicable, but no later than within one minute of the time of trade, down from the long-standing 15-minute reporting requirement. Trades reported to the MSRB through its Real-Time Transaction Reporting System (RTRS) are made transparent to the public on the free Electronic Municipal Market Access (EMMA®) website, providing investors, dealers, municipal advisors and other market participants with the information they need to make informed decisions about the pricing of municipal securities.

"In the 17 years since the 15-minute trade reporting timeframe was first established, our market has seen significant advances in technology and an evolution of market structure that includes electronic trading venues," said MSRB CEO Mark Kim. "Although the majority of trades are already being reported within one minute today, it is also clear from the data that certain types of trades are taking longer to be reported. The Board is requesting information from market participants to inform our thinking on the path forward to modernize Rule G-14."

In developing the proposed amendments and framing the questions in the request for comment, MSRB staff analyzed current trade data to compare the time of trade execution to the time the trade was reported to the MSRB. This analysis is included in the request for comment.

"Although 77% of trades required to be reported in 15 minutes were reported within one minute, this only represented 44% of the par amount reported," said MSRB Chief Market Structure Officer John Bagley. "Coupled with our analysis of same-day trade activity for individual securities, we believe a significant volume of trades could have had the benefit of additional information if trades were required to be reported within one minute."

Comments should be submitted no later than October 3, 2022.

Read the request for comment.

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