

Bond Case Briefs

Municipal Finance Law Since 1971

MSRB Board Approves Shortening Timeframe for Trade Reporting at Quarterly Meeting.

Washington, DC – The Board of Directors of the Municipal Securities Rulemaking Board (MSRB) approved shortening the timeframe for trades to be reported to the MSRB at its July 26-27, 2023 quarterly meeting. The Board also approved the FY 2024 budget and discussed priorities for the next fiscal year, among other business.

Market Regulation

The Board approved seeking Securities and Exchange Commission (SEC) approval of amendments to MSRB Rule G-14 to shorten the timeframe for trades to be reported to the MSRB from 15 minutes to as soon as practicable, but no later than one minute, subject to certain exceptions for firms with limited trading volume in municipal securities and for manual trades.

“Moving to a one-minute standard for trade data reported to the MSRB will achieve greater price transparency for investors who rely on this information to make informed decisions when buying or selling municipal bonds,” said MSRB CEO Mark Kim. “The proposal we plan to file with the SEC recognizes the role that small firms and manual trades play in the municipal securities market.”

As a further step in its ongoing rulebook modernization, the Board approved seeking SEC approval of a proposal to amend Rule G-12, on uniform practice, to adopt requirements for the completion of allocations, confirmations and affirmations related to municipal securities transactions. The proposed amendments are consistent with those applicable to broker-dealers for other securities under newly adopted SEC Rule 15c6-2, which facilitates compliance with the transition to T+1 settlement.

Public Trust

The Board approved a \$47 million budget to fund the activities of the MSRB for FY 2024, beginning October 1, 2023. A budget summary detailing the MSRB’s projected expenses, revenues and reserve levels will be published at the beginning of the fiscal year. The Board also approved designating an additional \$3.5 million of reserves for the Board’s system modernization fund.

“The MSRB’s FY 2024 budget effectively manages costs in an inflationary environment and reduces organizational reserves to within target levels, all while continuing to make the necessary investment in modernizing our rule book, our technology systems and our data capabilities to serve the market of the future,” said MSRB Chair Meredith Hathorn. “Under the leadership of the Finance Committee and Committee Chair Angelia Schmidt, the Board has demonstrated the highest commitment to fiscal discipline and stewardship of industry dollars.”

The annual budget is a factor in the MSRB’s new fee-setting process, which is designed to ensure the MSRB’s fees on regulated entities result in the collection of only the revenue needed to fund its activities without accumulating excess reserves. The Board plans to file a new rate card in the first quarter of FY 2024 to establish rates effective January 1, 2024.

The Board also held FY 2024 officer elections and considered candidates to fill a vacancy on the Board. Board leadership and the incoming class of new Board members will be announced in the coming weeks.

Market Transparency

The Board received an update regarding work to modernize the Electronic Municipal Market Access (EMMA®) website and related market transparency systems to implement user-driven enhancements to the website and to the disclosure submission process.

Market Structure and Data

The Board received a demonstration of a Structured Data Lab to be added to the EMMA Labs platform next month. Anyone who creates a free EMMA Labs account will be able to explore and provide feedback on the new Lab, which highlights the experiences of municipal issuers that have adopted structured data and features a prototype of what EMMA might be able to do in the future with additional structured data. The Lab also includes educational content to support market participants' common understanding of structured data.

Date: July 28, 2023

Contact: Leah Szarek, Chief External Relations Officer
202-838-1500
lszarek@msrb.org