



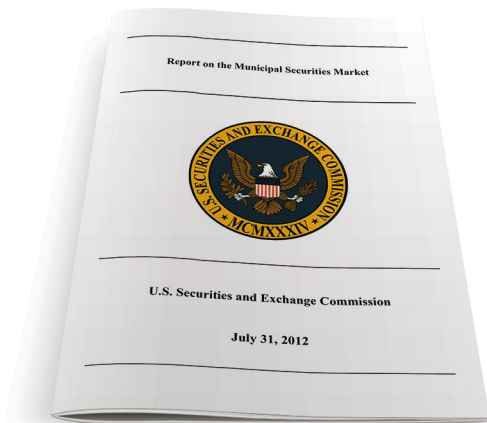
Municipal Securities Rulemaking Board

# Report Card on Investor Protection Initiatives

MSRB activities aligned with recommendations of SEC's  
2012 Report on the Municipal Securities Market



July 2018



The Municipal Securities Rulemaking Board (MSRB) has been entrusted by Congress to protect municipal securities investors since 1975. In July 2012, the Securities and Exchange Commission (SEC) published its comprehensive Report on the Municipal Securities Market outlining a series of recommendations to enhance investor protection. In the six years since that report was published, the MSRB has built

on its strong foundation to implement additional tools, resources and regulatory protections for investors. Broadly, these initiatives aligned with the report’s recommendations on market structure and disclosure, with a focus on regulatory cooperation and efficiency.

This report card demonstrates the MSRB’s completed initiatives in support of investor protection.

## OBJECTIVES

Enhance Market Structure. . . . .	1
Improve Disclosure Practices . . . . .	4
Promote Regulatory Efficiency . . . . .	6

## ABOUT THE MSRB

The MSRB protects investors, state and local governments and other municipal entities, and the public interest by promoting a fair and efficient municipal securities market. The MSRB fulfills this mission by regulating the municipal securities firms, banks and municipal advisors that engage in municipal securities and advisory activities. To further protect market participants, the MSRB provides market transparency through its [Electronic Municipal Market Access \(EMMA®\) website](#), the official repository for information on all municipal bonds. The MSRB also serves as an objective resource on the municipal market, conducts extensive education and outreach to market stakeholders, and provides market leadership on key issues. The MSRB is a Congressionally-chartered, self-regulatory organization governed by a 21-member board of directors that has a majority of public members, in addition to representatives of regulated entities. The MSRB is subject to oversight by the Securities and Exchange Commission.

## OBJECTIVE: ENHANCE MARKET STRUCTURE

The MSRB has taken meaningful steps to increase price transparency in the municipal securities market and continues to work to enhance the availability of more robust pricing information for the benefit of retail investors.

SEC REPORT RECOMMENDATIONS	MSRB INITIATIVES
<p><b>The MSRB should promptly pursue enhancements to its EMMA website so that retail investors have better access to pricing and other municipal securities information.</b></p>	<p><b>2018</b></p>
	<p>Re-designed EMMA user interface with investor-focused enhancements, including</p> <ul style="list-style-type: none"> <li>• Improved homepage navigation with direct access to an interactive map to search for information about a municipal bond and its issuer by state;</li> <li>• Quick links to information for new EMMA users, interactive tools for evaluating municipal market trends and MyEMMA®, which allows investors to create custom alerts to track trading activity and the posting of new disclosure documents for particular bonds; and</li> <li>• Enhanced display of information about a specific security, including interactive graphs of trade prices and yields and a searchable listing of important disclosure documents. For first-time viewers, the page includes a transparent overlay that points out key information and tools for investors.</li> <li>• Investors receive a direct link to this security-specific page on their trade confirmations to enhance transparency of pricing as part of MSRB rules on mark-up disclosure.</li> </ul>
	<p><b>2017</b></p>
	<p><input checked="" type="checkbox"/> Conducted EMMA user experience study and held focus groups with investors and other users</p>
	<p><input checked="" type="checkbox"/> Integrated third-party tools on EMMA to support understanding of market trends, including municipal market yield curves and indices, a new issue calendar and access to an economic calendar</p>
<p><b>2016</b></p>	
<p><input checked="" type="checkbox"/> Included additional special condition indicators on EMMA to help investors understand trade data. New indicators include "A" to indicate inter-dealer trades executed with or using the services of an alternative trading system and "N" to indicate customer trades that did not include a mark-up, mark-down or commission.</p>	




## OBJECTIVE: ENHANCE MARKET STRUCTURE *(continued)*

SEC REPORT RECOMMENDATIONS	MSRB INITIATIVES
<p>The MSRB should promptly pursue enhancements to its EMMA website so that retail investors have better access to pricing and other municipal securities information. <i>(continued)</i></p>	<p>2014</p>
	<p><input checked="" type="checkbox"/> Created Price Discovery Tool on EMMA to help investors find and compare prices of securities with similar characteristics</p>
	<p><input checked="" type="checkbox"/> Created interactive trade price and yield graphs on EMMA to provide a daily summary view and detailed view of historical dealer and customer trades for customizable date ranges to facilitate identification of pricing and yield differentials and trading trends</p>
	<p><input checked="" type="checkbox"/> Expanded access to credit ratings on EMMA with addition of Kroll Bond Rating Agency and Moody's Investors Service joining Fitch Ratings and Standard and Poor's</p>
	<p>2013</p>
	<p><input checked="" type="checkbox"/> Provided display of initial offering price and yield on EMMA</p>
	<p>2012</p>
	<p><input checked="" type="checkbox"/> Incorporated new issuance data into EMMA Market Statistics section</p>
	<p><input checked="" type="checkbox"/> Introduced and later enhanced MyEMMA® customized user accounts to enhance investor access to EMMA information through email subscription services</p>
	<p><input checked="" type="checkbox"/> Amended MSRB rules to display in real-time on EMMA par value on all transactions of \$5 million or less</p>
<p><input checked="" type="checkbox"/> Improved calculation of bid-to-cover ratios for auction rate securities</p>	
<p>2011</p>	
<p><input checked="" type="checkbox"/> Provided free educational webinars and tutorials on using EMMA features</p>	
<p>The MSRB should consider a rule that would require municipal bond dealers to seek "best execution" of customer orders for municipal securities.</p>	<p>2015</p>
	<p><input checked="" type="checkbox"/> Published best execution guidance for dealers</p>
<p>2014</p>	
<p><input checked="" type="checkbox"/> Created new MSRB Rule G-18 on best execution of customer orders for municipal securities</p>	

## OBJECTIVE: ENHANCE MARKET STRUCTURE *(continued)*





SEC REPORT RECOMMENDATIONS	MSRB INITIATIVES
<p>The Commission and the MSRB could consider ways to encourage the use of ATSs or similar electronic networks that widely disseminate quotes and provide fair access.</p>	2017
	<p><input checked="" type="checkbox"/> Published statistical analysis of inter-dealer trades using ATSs</p>
	2014
	<p><input checked="" type="checkbox"/> MSRB Rule G-18 on best execution should promote broader use of ATSs</p>
<p>The Commission and the MSRB should consider initiatives to improve the understanding of retail investors as to the various ways they might buy or sell a municipal bond, and relative advantages and disadvantages of each.</p>	2017
	<p><input checked="" type="checkbox"/> Provided free MuniEdPro® course for municipal bond investors</p>
<p>The MSRB should consider issuing more detailed interpretive guidance to assist dealers in establishing the “prevailing market price” for a municipal security, for purposes of determining whether the price offered a customer (including any markup or markdown) is fair and reasonable.</p>	2015
	<p><input checked="" type="checkbox"/> Published educational materials for retail investors on the way bonds are bought and sold</p>
<p>The MSRB should consider requiring municipal bond dealers to disclose to customers, on confirmations for riskless principal transactions, the amount of any markup or markdown.</p>	2018
	<p><input checked="" type="checkbox"/> Published dealer compliance resource on policies and procedures for determining prevailing market price and related mark-up disclosure rule</p>
	2017
	<p><input checked="" type="checkbox"/> Issued and updated guidance to assist dealers in establishing the “prevailing market price” of a municipal security</p>
	2018
	<p><input checked="" type="checkbox"/> Implemented mark-up disclosure rule for municipal securities transactions</p>
	<p><input checked="" type="checkbox"/> Provided MuniEdPro® course on mark-up disclosure and prevailing market price</p>
	<p><input checked="" type="checkbox"/> Published investor education resources about understanding mark-up disclosures</p>
	2017
	<p><input checked="" type="checkbox"/> Provided and updated implementation guidance on mark-up disclosure for municipal securities dealers</p>
	<p><input checked="" type="checkbox"/> Hosted an implementation forum to support dealers with implementing mark-up disclosure requirements</p>

## OBJECTIVE: ENHANCE MARKET STRUCTURE *(continued)*

SEC REPORT RECOMMENDATIONS	MSRB INITIATIVES
<p>The MSRB could consider rules requiring a brokers' broker with material transaction or dollar volume in municipal securities to publicly disseminate the best bid and offer prices on any electronic network it operates and, on a delayed and non-attributable basis, responses to "bids wanted" auctions.</p>	<p><b>2013</b></p> <ul style="list-style-type: none"> <li>  Collected extensive public feedback through two public requests for comment on developing a central transparency platform for pre- and post-trade data                     </li> </ul>
	<p><b>ONGOING</b></p> <ul style="list-style-type: none"> <li>  Collecting and analyzing voluntary pre-trade data from ATs and broker's brokers                     </li> </ul>
<p>The MSRB could consider requiring municipal bond dealers to report "yield spread" information to its Real-Time Transaction Reporting System to supplement existing interest rate, price and yield data.</p>	<p><b>ONGOING</b></p> <ul style="list-style-type: none"> <li>  Evaluating the feasibility of combining third-party yield curve and MSRB trade data on EMMA to show the yield spread of a security over time                     </li> </ul>

## OBJECTIVE: IMPROVE DISCLOSURE PRACTICES

Since 2009, the MSRB has worked to help improve disclosure practices of municipal securities issuers through the operation and enhancement of its EMMA website. In recent years, the MSRB has played a leading role in educating issuers about disclosure best practices and has helped build consensus on issuer disclosure of all types of debt.

SEC REPORT RECOMMENDATIONS	MSRB INITIATIVES
<p>The Commission should continue to work with the MSRB to enhance EMMA.</p>	<p><b>2017</b></p> <ul style="list-style-type: none"> <li>  Held focus groups with issuers, obligated persons and their agents to inform future enhancements to disclosure submission process                     </li> </ul>
	<p><b>2016</b></p> <ul style="list-style-type: none"> <li>  Enhanced the ability of investors to locate available bank loan disclosures on EMMA                     </li> </ul>
	<ul style="list-style-type: none"> <li>  Enabled issuers to submit bank loan disclosures to EMMA                     </li> </ul>
	<ul style="list-style-type: none"> <li>  Provided access to disclosures for Achieving a Better Life Experience (ABLE) programs                     </li> </ul>

## OBJECTIVE: IMPROVE DISCLOSURE PRACTICES *(continued)*

SEC REPORT RECOMMENDATIONS	MSRB INITIATIVES
<p>The Commission should continue to work with the MSRB to enhance EMMA. <i>(continued)</i></p>	<p>2015</p>
	<p><input checked="" type="checkbox"/> Added feature to help investors locate information about securities that receive new security identifiers following changes to payment of debt service</p>
	<p><input checked="" type="checkbox"/> Integrated municipal asset-backed security disclosures from SEC Form ABS-15G on EMMA</p>
	<p>2014</p>
	<p><input checked="" type="checkbox"/> Added feature on EMMA to provide issuers with unique homepages to enhance accessibility of disclosures</p>
	<p>2013</p>
<p><input checked="" type="checkbox"/> Created automated email reminders to assist issuers with timely filing of periodic financial disclosures to EMMA</p>	<p><input checked="" type="checkbox"/> Integrated political contribution disclosures on EMMA, including disclosures concerning bond ballot campaigns</p>
<p>Municipal market participants should follow and encourage others to follow existing industry best practices and expand and develop additional best practice guidelines in a number of areas to enhance disclosures and disclosure practices in the municipal securities market.</p>	<p><input checked="" type="checkbox"/> Provided complimentary MuniEdPro® course for issuers</p>
	<p><input checked="" type="checkbox"/> Developed MuniEdPro® course on primary offering disclosure practices</p>
	<p><input checked="" type="checkbox"/> Published a set of guiding principles for issuers seeking to enhance their disclosure practices</p>
	<p><input checked="" type="checkbox"/> Published market advisory on the practice of selective disclosure and how to use EMMA to make voluntary public disclosures</p>
	<p>2016</p>
	<p><input checked="" type="checkbox"/> Published directory of industry resources about disclosure best practices</p>
	<p>2015</p>
<p><input checked="" type="checkbox"/> Published market advisories calling for additional transparency of undisclosed bank loans, additional debt in any form and debt-like obligations</p>	

## OBJECTIVE: **IMPROVE DISCLOSURE PRACTICES** *(continued)*

SEC REPORT RECOMMENDATIONS	MSRB INITIATIVES
<p><b>Municipal market participants should follow and encourage others to follow existing industry best practices and expand and develop additional best practice guidelines in a number of areas to enhance disclosures and disclosure practices in the municipal securities market. <i>(continued)</i></b></p>	<p><b>2014</b></p> <p><input checked="" type="checkbox"/> Produced multimedia educational resources on financial disclosure, including a podcast reviewing the requirements under SEC Rule 15c2-12 and resources on using EMMA to comply</p>
	<p><b>2013</b></p> <p><input checked="" type="checkbox"/> Released market advisory to help issuers understand practices in submitting of financial disclosures to EMMA</p>
<p><b>The Commission could consider amendments to Exchange Act Rule 15c2-12 to further improve the disclosures made regarding municipal securities.</b></p>	<p><b>2015</b></p> <p><input checked="" type="checkbox"/> Provided comment letter to SEC offering assistance in review of Rule 15c2-12 to ensure it reflects current market practices, including increasing reliance on bank loans</p>

## OBJECTIVE: **PROMOTE REGULATORY EFFICIENCY**

The MSRB promotes regulatory efficiency by ensuring that new and existing municipal securities regulations function as efficiently as possible and are consistent with those of other regulators as appropriate.

SEC REPORT RECOMMENDATIONS	MSRB INITIATIVES
<p><b>The Commission should continue the collaborative work with the MSRB, especially in identifying potential rule changes or new rules that could address some of the issues discussed in this Report.</b></p>	<p><b>2018</b></p> <p><input checked="" type="checkbox"/> Promoted consistency of MSRB Rule G-21 on advertising with rules of other regulators</p>
	<p><b>2017</b></p> <p><input checked="" type="checkbox"/> Modernized MSRB Rule G-26 on customer account transfers</p>
	<p><input checked="" type="checkbox"/> Updated MSRB Rule G-10 on handling of customer complaints</p>
	<p><b>2016</b></p> <p><input checked="" type="checkbox"/> Improved efficiency of close-out procedures by amending MSRB Rule G-12</p>
	<p><input checked="" type="checkbox"/> Facilitated industry-wide shift to T+2 settlement cycle with amendments to MSRB Rules G-12 and G-15</p>
	<p><input checked="" type="checkbox"/> Codified gift-giving guidance under MSRB Rule G-20 and incorporated guidance published by FINRA</p>



## OBJECTIVE: PROMOTE REGULATORY EFFICIENCY *(continued)*

SEC REPORT RECOMMENDATIONS	MSRB INITIATIVES
<p>The Commission should continue the collaborative work with the MSRB, especially in identifying potential rule changes or new rules that could address some of the issues discussed in this Report. <i>(continued)</i></p>	<p>2015</p>
	<p><input checked="" type="checkbox"/> Increased flexibility of Regulatory Element continuing education by permitting web-based delivery</p>
	<p>2014</p>
	<p><input checked="" type="checkbox"/> Revised MSRB Rule G-19 to generally harmonize its provisions with FINRA's suitability rule</p>
	<p><input checked="" type="checkbox"/> Codified existing Rule G-17 guidance on the time-of-trade disclosure obligations of dealers</p>
	<p><input checked="" type="checkbox"/> Adopted new fair pricing Rule G-30 that combines elements of Rule G-18 and former Rule G-30, and incorporates Rule G-17 interpretive guidance on fair pricing</p>
	<p><input checked="" type="checkbox"/> Conducted review of uniform practice rules to identify opportunities for modernization of outdated or redundant regulations</p>
	<p><input checked="" type="checkbox"/> Consolidated MSRB registration requirements and forms into a single rule and form, MSRB Rule A-12 and Form A-12</p>
	<p>2013</p>
	<p><input checked="" type="checkbox"/> Clarified retail order periods to ensure issuers can provide investors with access to bonds in the primary market and required underwriters to communicate issuer's retail order requirements to the syndicate</p>
<p><input checked="" type="checkbox"/> Amended MSRB Rule G-11 to limit dealers from consenting to amendments to bond authorizing documents for municipal securities except in limited circumstances</p>	
<p><input checked="" type="checkbox"/> Amended MSRB Rule G-39 on telemarketing to more closely align with similar rules of the Federal Trade Commission</p>	



## Building on EMMA's Foundation

To recognize the Electronic Municipal Market Access (EMMA®) website's tenth year, the MSRB launched a series of investor-focused enhancements to the navigation and presentation of information on EMMA. Explore today at [emma.msrb.org](http://emma.msrb.org).



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