



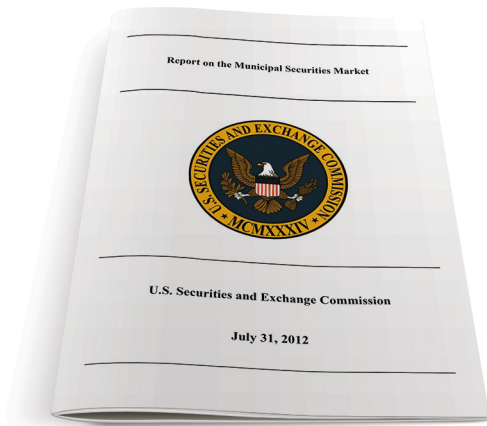
Municipal Securities Rulemaking Board

MSRB Report Card

Initiatives Aligned with Recommendations of
SEC's 2012 Report on the Municipal Securities Market



December 2016



Since 1975, the Municipal Securities Rulemaking Board (MSRB) has been entrusted by Congress to protect municipal securities investors. Informed by the recommendations of the Securities

and Exchange Commission's (SEC) comprehensive 2012 Report on the Municipal Securities Market, the MSRB is building on its strong regulatory foundation to better protect investors. Broadly, the MSRB's current initiatives align with the report's recommendations on market structure and disclosure, with a focus on regulatory cooperation and efficiency.

This report card demonstrates the substantial progress the MSRB has made toward addressing these objectives. The report card also identifies new investor protection initiatives under development.

OBJECTIVES

Enhance Market Structure	1
Improve Disclosure Practices	3
Promote Regulatory Efficiency	4

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>The MSRB should promptly pursue enhancements to its EMMA website so that retail investors have better access to pricing and other municipal securities information.</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 trade detail graphs on EMMA that plot dealer and customer trade prices to facilitate identification of pricing differentials</p>
	<p><input checked="" type="checkbox"/> Developed graphical display of historical trade data to help EMMA users visualize trading trends</p>
	<p><input checked="" type="checkbox"/> Incorporated new issuance data into EMMA Market Statistics section</p>
	<p><input checked="" type="checkbox"/> Introduced MyEMMA customized user accounts to enhance investor access to EMMA information through email subscription services</p>
	<p><input checked="" type="checkbox"/> Provided display of initial offering price and yield on EMMA</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"/> Expanded access to credit ratings on EMMA with addition of Kroll Bond Rating Agency and Moody's Investors Service</p>
	<p><input checked="" type="checkbox"/> Provided free educational webinars and tutorials on using EMMA features</p>
<p><input checked="" type="checkbox"/> Improved calculation of bid-to-cover ratios for auction rate securities</p>	
<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>	<p><input checked="" type="checkbox"/> New MSRB Rule G-18 on best execution should promote broader use of ATSs</p>

OBJECTIVE: ENHANCE MARKET STRUCTURE *(continued)*

SEC REPORT RECOMMENDATIONS	MSRB INITIATIVES
<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> Created new MSRB Rule G-18 on “best execution” of customer orders for municipal securities</p> <p> Published best execution guidance for dealers</p>
<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> Collected extensive public feedback on developing a central transparency platform for pre- and post-trade data</p> <p> Collecting and analyzing voluntary pre-trade data from ATs and broker’s brokers</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>	<p> Published educational materials for retail investors on the way bonds are bought and sold</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>	<p> Issued draft guidance to assist dealers in establishing the “prevailing market price” of a municipal security</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>	<p> Implementing mark-up disclosure rule for municipal securities transactions in May 2018</p>
<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> Pursuing addition of yield curve(s) on EMMA</p>

OBJECTIVE: IMPROVE DISCLOSURE PRACTICES

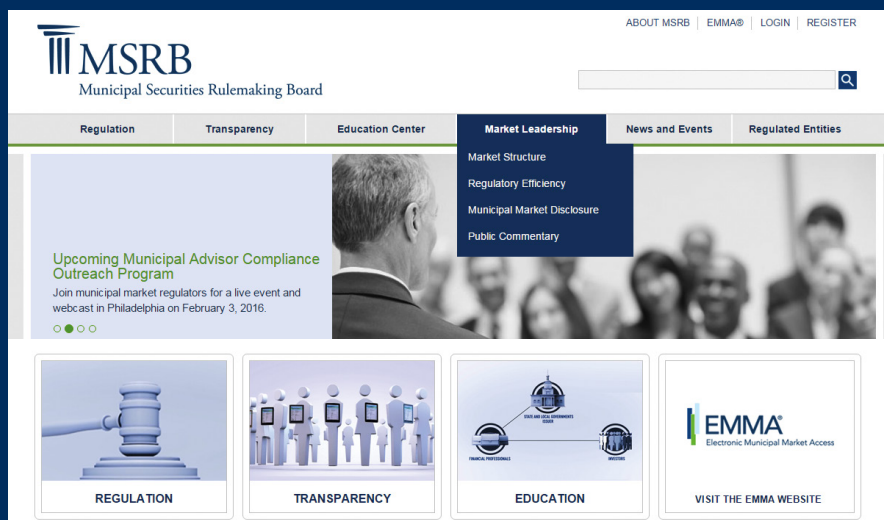
Since 2009, the MSRB has worked to help improve disclosure practices of municipal securities issuers through the operation and enhancement of its EMMA website. In recent years, the MSRB has played a leading role in educating issuers about disclosure best practices and has helped build consensus on issuer 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>	<ul style="list-style-type: none"> <li data-bbox="727 506 1502 583">  Created automated email reminders to assist issuers with timely filing of periodic financial disclosures to EMMA <li data-bbox="727 611 1502 688">  Launched pilot feature on EMMA to provide issuers with unique homepages to enhance accessibility of disclosures <li data-bbox="727 716 1502 793">  Integrated political contribution disclosures on EMMA, including disclosures concerning bond ballot campaigns <li data-bbox="727 821 1502 898">  Enhanced EMMA search functionality to facilitate access to disclosures <li data-bbox="727 926 1502 1045">  Added feature to help investors locate information about securities that receive new security identifiers following changes to payment of debt service <li data-bbox="727 1073 1502 1129">  Integrated municipal asset-backed security disclosures from SEC Form ABS-15G on EMMA
<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>	<ul style="list-style-type: none"> <li data-bbox="727 1171 1502 1249">  Released market advisory to help issuers understand practices in submitting of financial disclosures to EMMA <li data-bbox="727 1276 1502 1417">  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 <li data-bbox="727 1444 1502 1543">  Published market advisories calling for additional transparency of undisclosed bank loans, additional debt in any form and debt-like obligations <li data-bbox="727 1570 1502 1648">  Published directory of industry resources about disclosure best practices
<p>The Commission could consider amendments to Exchange Act Rule 15c2-12 to further improve the disclosures made regarding municipal securities.</p>	<ul style="list-style-type: none"> <li data-bbox="727 1682 1502 1822">  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

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>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.</p>	<input checked="" type="checkbox"/> Revised MSRB Rule G-19 to generally harmonize its provisions with FINRA’s suitability rule
	<input checked="" type="checkbox"/> Codified existing Rule G-17 guidance on the time-of-trade disclosure obligations of dealers
	<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
	<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
	<input checked="" type="checkbox"/> Amended MSRB Rule G-39 on telemarketing to more closely align with similar rules of the Federal Trade Commission
	<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
	<input checked="" type="checkbox"/> Conducted review of uniform practice rules to identify opportunities for modernization of outdated or redundant regulations



Visit the “Market Leadership” area of the MSRB’s website at www.msrb.org to read more about the MSRB’s investor protection initiatives related to:

- **Market Structure**
- **Municipal Market Disclosure**
- **Regulatory Efficiency**



CORPORATE OFFICE
Municipal Securities
Rulemaking Board
1300 I Street NW, Suite 1000
Washington, DC 20005
202-838-1500

MSRB SUPPORT
202-838-1330

ONLINE
msrb.org
emma.msrb.org
Twitter: @MSRB_News