

Comment on Notice 2013-07

from Retail Investor,

on Sunday, August 25, 2013

Comment:

Not sure how this exactly applies to the solicitation for comments, but here goes:

I've had several experiences in past where I've put up a "bid wanted" for some of my bonds through my broker and have had dealers (I assume they are dealers) come back with prices - believe it or not - 8-10 points lower from where the bonds last traded! Of course, the bids come in anonymously, so I can't tell who's on the other end, but to me a basic market "price check" by looking at the MSRB historical trade data should be done in order to protect the retail seller from getting ripped off by the bond dealer.

There should be some kind of MSRB rule that if a bond has recently traded at, say, 115, that a dealer cannot offer to buy at a price more than n-points from where the last trade was done?

For example, maybe that's 3 points away from the last trade, thus dealer cannot buy for lower than 112 in my example.

Given the retail nature of muni bond market, I feel that dealers prey upon investors who don't know about using the MSRB trade price history as a guide to what a fair price might be.

What can MSRB do to force dealers to conduct an evidenced market "price check" prior to responding to a customer's bid wanted?

MSRB needs to do more here. Thanks.