

FINANCIAL INFORMATION FORUM

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New York, New York 10004

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Via Electronic Delivery

September 19, 2014

Ronald W. Smith
Corporate Secretary
Municipal Securities Rulemaking Board
1900 Duke Street, Suite 600
Alexandria, VA 22314

Re: MSRB Notice 2014-14 - Request for Comment on Enhancements to Post-Trade Transaction Data Disseminated Through a New Central Transparency Platform

Dear Mr. Smith,

The Financial Information Forum (FIF)¹ would like to take this opportunity to comment on MSRB Notice 2014-14 - Request for Comment on Enhancements to Post-Trade Transaction Data Disseminated Through a New Central Transparency Platform (“Request for Comment”). We appreciate the MSRB’s willingness to receive feedback on these important issues, many of which will have significant operational impact if adopted². We would also like to thank Justin Pica of the MSRB for discussing these trade reporting initiatives with the FIF Back Office Committee. Achieving a better understanding of the intent behind the various proposals was a helpful and informative exercise.

With respect to the Request for Comment, FIF respectfully makes the following recommendations:

1. Follow the alternative approach identified for conditional trading commitments such that the requirement for additional time and date fields is eliminated
2. Expand the List Offering Price Transaction Indicator to include distributions occurring on days beyond the first day of trading of a new issue
3. Proceed with the elimination of the requirement to report yield on customer trade reports
4. Allow sufficient implementation time for Non-Transaction-Based Compensation Arrangement Indicator
5. Provide more information on the requirement to report miscellaneous transaction fees as discussed below.
6. Align ATS indicator efforts with the ATS transparency efforts of FINRA

FIF’s perspective on each of the proposals of the Request for Comment is discussed in more detail below.

¹ FIF (www.fif.com) was formed in 1996 to provide a centralized source of information on the implementation issues that impact the securities industry across the order lifecycle. Our participants include trading and back office service bureaus, broker-dealers, market data vendors and exchanges. Through topic-oriented working groups, FIF participants focus on critical issues and productive solutions to technology developments, regulatory initiatives, and other industry changes.

² FIF has previously submitted a Comment Letter on November 1, 2013 regarding MSRB Notice 2013-14 – Concept Release on Pre-Trade and Post-Trade Pricing Data Dissemination through a New Central Transparency Platform.

Conditional Trading Commitment (CTC) Indicator

The MSRB is proposing to require dealers to identify trade reports resulting from CTCs with a new indicator and report the date and time the CTC was formed in a new field on trade reports that would be disseminated publicly. MSRB also identifies an alternative approach by defining a CTC as any trade report executed on the first day of trading in a new issue that is a result of an order formed more than a specified number of hours in the past. This definition would allow dealers to identify trade reports subject to a new CTC indicator requirement without having to process the date and time of formal award into systems used for trade reporting.

By adopting the alternative approach, FIF members believe CTCs can be identified through the creation of a new M code without a new time and date field. This would be the least burdensome method of applying a CTC indicator.

List Offering Price/RTRS Takedown Transactions

FIF members agree with the MSRB's statement that the List Offering Price/RTRS Takedown Transaction provision should apply to sale transactions on each day that such new issues are offered. We agree that if the distribution occurs on days that are not the first day of trading of a new issue, the distribution should still be reported as the list price.

The MSRB has asked to what extent are securities distributed to syndicate or selling group members at prices that do not represent a discount from the published list offering price. FIF members see this happening frequently in the corporate bond market but infrequently in the municipal bond market.

The MSRB would also like to know if the definition of an RTRS Takedown Transaction was revised to include all sale transactions irrespective of price by a sole underwriter or syndicate manager to a syndicate or selling group member on the first day of trading in connection with the distribution of a new issue, would this reduce the usefulness of the RTRS Takedown Transaction indicator disseminated publicly. FIF members do not see this as an action that would reduce the usefulness of the RTRS Takedown Transaction indicator.

Eliminating the Requirement to Report Yield on Customer Trade Reports

The MSRB proposes to eliminate the requirement to report yield on customer trade reports. As discussed in our November 1 Comment Letter, FIF supports this proposal. As MSRB moves forward with eliminating the yield requirement, they should consider the impact of discrepancies between the MSRB's calculations and dealer-calculated yield to worst which will appear on a customer's confirm. As it stands today, the yield is consistent on both the customer confirmation and the MSRB trade report as both yields are generated by the dealer. FIF recommends that the MSRB provides guidance for cases where there are discrepancies between the MSRB's calculations and dealer-calculated yield to worst on a customer's confirm.

Non-Transaction-Based Compensation Arrangement Indicator

The MSRB proposes to require dealers to include an indicator to distinguish customer transactions involving non-transaction-based compensation arrangements on such trade reports that would be disseminated publicly. FIF members ultimately support this proposal but see some potential implementation issues. If this indicator is a new M code, potential problems may arise in getting the right codes sent from trading platforms to back office systems. While most indicators are transaction-based, this new indicator would be account-based. FIF members will need to perform analysis and

development work to harmonize data across multiple systems in order to support the new indicator. FIF would look to work with the MSRB to establish an implementation date that would provide sufficient time for firms to establish this functionality.

Requirement to Report Miscellaneous Transaction Fees

The MSRB would like to know what the operational cost to dealers will be from a requirement to report miscellaneous transaction fees in a separate field that would not be publicly disseminated. Some FIF members have this field in back office systems. It may be difficult to get this information moved up to the trading system where the report is generated.

We have some additional questions for the MSRB before providing comment. We would need guidance on the following issues:

- Will the June 13, 2001 MSRB Notice Concerning Flat Transaction Fees³ still apply or will new guidance be issued?
- In the scenario where transaction fees are applied and then waived at a later date, will firms need to correct this field if the fee is waived in the future?

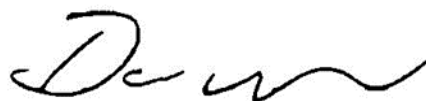
Establish New Indicator for ATS Transactions

The MSRB proposes to require dealers to utilize an indicator to identify transactions executed using the services of an ATS. For those ATSs that take a principal position between a buyer and seller, the ATS and the dealers that transact with the ATS would be required to include the ATS indicator on trade reports. In instances where an ATS connects a buyer and seller but does not take a principal or agency position between those parties and does not have a transaction reporting requirement, the dealers that transact with each other as a result of using the services of the ATS would be required to include the ATS indicator on trade reports and also report information that identifies the ATS used.

In the instances where dealers would have to identify the identity of the ATS used in a transaction, FIF members believe this would be challenging to implement depending on the complexity of the final regulations. FIF members recommend that the MSRB works in sync with the efforts of FINRA around ATS transparency⁴. With new FINRA regulations being implemented, programming systems to comply with regulations from both FINRA and the MSRB would be challenging if MSRB's requirements vary widely from FINRA's.

In conclusion, FIF would like to thank the MSRB for providing the opportunity to comment on the proposed changes. We look forward to commenting on future rule filings that result from the Request for Comment process in order to achieve efficient and beneficial regulation.

Regards,



Darren Wasney
Program Manager
Financial Information Forum

³ The notice defines a flat transaction fee of \$15.00 as a miscellaneous transaction fee.

⁴ [SR-FINRA-2014-017](#) - Notice of filing and immediate effectiveness of a proposed rule change relating to reporting and Market Participant Identifier Requirements for ATS.