



August 16, 2022

To the MRSB regarding the proposed change to a 1-minute reporting rule

The proposed change to one minute will put most small broker dealers out of business and thus create less liquidity in the market. With the current rule 97% of trades are reported within 5 minutes. I do not believe in the shortening of the requirement adds any liquidity to the market. The municipal bond market is so diverse, and the issues are generally small so that learning a trade happened within 15 minutes or within one minute will not matter. I do think that 15 minutes is reasonable however manual entry systems can normally match up within that time. The technology a small firm would have to implement to comply with a 1-minute reporting would be cost prohibitive. I believe the marginal improvement in trade reporting will eliminate small players and reduce the liquidity in the marketplace

The biggest factor here is automated ticketing. The reason that trades are reported so fast is that on the ATS systems and electronic platforms trades are reported instantaneously. We currently must match those trades within 15 minutes not to be late. The automated system that most of the big guy's use is Bloomberg TOMS and eTOMS. We have investigated the cost for us to get that platform and the cost is somewhere around 500k per year. An annual cost like that would be too much for us to afford. We have hired additional personnel to be able to enter our tickets on a timely manner.

The largest problem will be for voice trades. If we do a voice trade and then must write the ticket and that process takes usually over one minute. If we do multiple trades at the same time, then it further complicates the process as each trade takes around a minute to input in our manual system. If one were to examine IB conversations that say done and then the clock starts, my guess is the larger dealers will even have trouble as they will have to instantaneously have the bond up and price it, take off hedge if any, select the account, and send a vcon. This is just not possible if one is doing multiple trades.

The municipal bond market is quite diverse and there are regional specialists that operate in small firms that have the knowledge to make markets in lesser know credits. The prohibitive cost would force many out of business. The larger firms will also have trouble reporting their voice trades. I appreciate the opportunity to comment on the proposed rule change and oppose any change to the current 15-minute rule.

Best,

A handwritten signature in black ink, appearing to be 'John Isaak', with a long horizontal flourish extending to the right.

John Isaak

Sr. Vice President

Isaak Bond Investments

john@isaakbond.com