

Monday, October 3, 2022

Ronald W. Smith, Corporate Secretary  
Municipal Securities Rulemaking Board  
1300 I Street NW, Suite 1000  
Washington, DC 20005

RE: Request For Comment on MSRB Notice 22-07 (Proposed RTRS/Rule G-14 Amendments)

*Ron,*  
Dear Mr. Smith:

I am a former bond counsel that became a co-founder of a regional Minority / Women owned Business Enterprise (MWBE) Underwriter and Advisor. From October 1, 1997 until September 30, 2000, I was also the Chairman of the Municipal Securities Rulemaking Board. It is rare for me to make an official comment about current Board initiatives or operations, but rarely are major amendments proposed that create material compliance and operational issues for our firm and our small number of peers, without corresponding material benefit to the marketplace. I have read the Rule Amendment and the Board's stated rationale for it. After discussing the ramifications of this proposal with appropriate staff members, I concluded that there is not sufficient material benefit to MSRB constituents that justifies the additional resources brokerage firms will need to deploy in meeting the challenge of a 1-minute RTRS reporting standard. I object to the adoption of the proposed amendment.

By all industry metrics, the company I co-founded is a "small firm" with fewer than 50 Registered Persons and less than \$25MM of annual revenue. In 2021, we updated our trading system to what was billed as the most automated and modern system on the market to execute municipal bond trades. That system had been fully up and running for 6 months in August 2022. Our clearing firm provided us the trade reporting information for August 2022; it was enlightening:

	COUNT	< 1 MIN	% < 1 MIN	> 1 MIN	% > 1 MIN	> 2 MINS	% > 2 MINS	> 5 MINS	% > 5 MINS
CORR	xxx	xx	42.75%	xx	32.82%	xx	18.32%	x	6.11%
ESIR									

None of my company's trades were reported after the current 15-minute deadline and a mere handful of trades were reported after 5 minutes. Of concern to me, the compliance professionals, and the traders at our Firm is the >51% of the trades reported between 1 and 5 minutes. Discussions with my traders indicates that it is economically unfeasible to fully comply with G-14 if the reporting time is shortened to one minute.

The primary compliance issue is physical and operational. If both sides of a secondary market trade are participants in the same ECN (and there are MANY), reporting is done without human intervention and nearly instantaneously after the trade ticket is electronically submitted. My company pays a substantial amount of money annually to participate in one system. There are other ECN's out there that we could pay additional substantial amounts of money to join and increase our universe of fully automated trades. That would also make our trading operations economically unfeasible.

Without BOTH sides of a trade participating in the same ECN, trade entry (and resultant reporting) will be done manually for at least one side of a trade. Under a manual input situation, it is challenging to physically key in the ticket within 60 seconds of a "trade" happening.

Reading through Notice 22-07, I noted a valid and viable rule change within the document, with one simple change:

*The MSRB is seeking comment on the Proposal to Rule G-14 to require that, absent an exception, dealers report transactions effected with a Time of Trade during the RTRS Business Day to an RTRS Portal as soon as practicable, but no later than within one minute of the Time of Trade.*

No compliance staff in any MSRB member Firm has created designed their system to report municipal bond trades Fourteen minutes and Fifty-Nine seconds (14:59) after executing the trade. We are all currently reporting our trades 'as soon as practicable'.

Putting an artificial number on an activity that is done in a variety of ways by MSRB member firms smaller than mine and as large as Citigroup is not a practical 'fix' for a situation that has not been a significant 'problem'. 'As soon as practicable' may be within a second for a trade between Citi and PIMCO through the same ECN. A trade between the 'Jaydoe Family Office' (an SMMP) and Best Interest Capital Management (a registered advisor) brokered by my Firm will get reported within 5 minutes which is also 'as soon as practicable'.

One size never fits all. The Board that I was privileged to Chair understood that 25 years ago. Perhaps it is time to re-acquire that wisdom.

Sincerely,



Robert A. Estrada, Esq.  
Chairman (Emeritus)  
Estrada Hinojosa & Co., Inc.

*all my best,  
BE*