

**Compliance**

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**March 12, 2013**

**VIA EMAIL**

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

**RE: MSRB Notice 2013-04:  
Request for Comment on Codifying Time of Trade Disclosure Obligation  
Proposed Rule G-47**

Dear Mr. Smith:

Charles Schwab & Co. Inc. ("Schwab") appreciates the opportunity to comment on the Municipal Securities Rule Making Board's (the "MSRB") Request for Comment on Codifying Time of Trade Disclosure Obligation and proposed Rule G-47 (the "Proposal").

**Schwab's Position**

Generally speaking, Schwab supports the MSRB's effort to consolidate years' of interpretive guidance related to time of trade disclosure obligations "...[i]nto one easy to follow rule". However, when adopting the final rule, it is essential for the MSRB to recognize the ability of dealers who provide online access to their customers to continue to use electronic delivery to meet their time of trade disclosure obligations.

**Schwab requests clarification on the proposal to delete MSRB Notice 2002-10**

Of particular concern for Schwab, is the proposed deletion of MSRB Notice 2002-10<sup>1</sup>, which among other things recognizes that electronic access to material information is consistent with a dealer's obligation to disclose such information and can be an effective means to do so, depending on the facts and circumstances of the particular situation. Specifically, Footnote 7 details the time of trade obligations of dealers operating electronic trading platforms:

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<sup>1</sup> MSRB Notice 2002-10 (March 25, 2002), available at <http://msrb.org/Rules-and-Interpretations/Regulatory-Notices/2002/2002-10.aspx?n=1>

Dealers operating electronic trading platforms have inquired whether providing electronic access to material information is consistent with the obligation to disclose information under rule G-17. The MSRB believes that the provision of electronic access to material information to customers who elect to transact in municipal securities on an electronic platform is generally consistent with a dealer's obligation to disclose such information, but that whether such access is effective disclosure ultimately depends upon the particular facts and circumstances present.

For years dealers such as Schwab who provide online access to their customers have relied upon this language to deliver timely disclosures. Schwab does not believe that the MSRB intends to limit dealers' ability to meet their disclosure obligations via electronic access to material information by deleting MSRB Notice 2002-10, but the absence of specific language to the contrary in the Proposal creates a sense of uncertainty for dealers who operate electronic brokerage systems and provide electronic access to material information to meet their time of trade disclosure obligations. The absence of specific language that recognizes a dealer's ability to meet their time of trade disclosure obligations via electronic access could lead to confusion amongst dealers and disruption of disclosure processes across the industry, which could ultimately harm customers.

As such, as part of any future final rule making on the Proposal, Schwab respectfully asks the MSRB to explicitly include language in any final rule or supplementary material that specifically states that providing customers with electronic access to material information is consistent with a dealer's obligation to disclose such information at the time of trade and can be an effective means to do so, depending on the facts and circumstances of the particular situation.

Thank you for your consideration of the points we have raised in this letter and we hope that our comments are useful. Please feel free to contact me at (415) 667-0902 if you have any questions.

Sincerely,



Michael P. Moran  
Vice President, Compliance  
Charles Schwab & Co., Inc.