



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

September 13, 2015

Dear Mr. Smith:

We are writing you on behalf of the Association for Budgeting and Financial Management ([ABFM](#)), a section of the American Society for Public Administration (ASPA), which has over 500 members and is dedicated to research on state and local government budgeting and financial management. ABFM's annual conference regularly features research on debt financing and management generally, and the municipal securities market specifically. In addition, the association's flagship journal, [Public Budgeting & Finance](#), regularly publishes peer-reviewed research on these topics.

ABFM strongly supports the establishment of the academic historical trade product described in MSRB Regulatory Notice 2015-10. The Real-time Transaction Reporting System (RTRS) Academic Data Product would advance the MSRB's goal of enhancing market transparency by facilitating research on municipal finance. In particular, it would enable researchers to account for the identity of the dealer who executed a transaction (via an anonymized dealer identifier), which means they (researchers) would be able to more precisely control for factors that may influence the outcomes of transactions in the municipal securities market. The practical consequence is that the RTRS Academic Data Product would potentially improve the validity and reliability of empirical research on the municipal securities market. The potential is high that the research would then be more useful to the public, issuers, and investors, in addition to the academic community. The potential is much lower, however, if the dealer identifier is less precise (e.g., a categorical identifier based on dealer size or average daily trading volume). Given the marginal expense the MSRB would bear to make the RTRS Academic Data Product available, we believe the proposed one-time set-up fee of \$500 and additional \$500 fee per dataset is reasonable. In addition, we support the MSRB's provisions to keep dealers' identities anonymous. In order to facilitate timely research, however, we believe a data embargo period of 12 months would be more appropriate than the proposed period of 24 months. An embargo period of 12 months is sufficient to ensure that dealer identities are not reverse engineered. Moreover, the proposed penalties for reverse engineering dealer identities are sufficiently severe to dissuade users of the data from attempting to do so.

While we do not speak for the whole of the academic community, we do not believe academics would be opposed to providing the MSRB a copy of all published works that rely on the RTRS

Academic Data Product as a term of the agreement to use the database. It is paramount, however, that the MSRB not seek to share in the authorship or copyright of such works. In addition, it would be inappropriate of the MSRB to decide which researchers may access the RTRS Academic Data Product on the basis of where they have published or may publish works that rely on the database. It also would be inappropriate of the MSRB to base its access decisions on the content of researchers' previously published works. All of these protections are essential to academic freedom, independent research, and publication in peer-reviewed journals. Independent and replicable research on the municipal securities market, meanwhile, can make the market fairer and more efficient, much as it has in the case of research on corporate securities.

We are particularly concerned about one provision of the proposed RTRS Academic Data Product Agreement:

Recipient remains liable to the MSRB for any breach of the agreement resulting from the action/inaction of Recipient's Internal Users or any other individual or entity that accesses the Academic Historical Transaction Data Product via Recipient or to whom Recipient provides any derivative works.

Our first concern is that it is extremely unlikely a university would allow a user of the data to enter into an agreement under which the user has unlimited liability to the MSRB should the user breach the data agreement. This provision would, in effect, render access to the data impossible. Universities might consider allowing users to enter into a data agreement with the MSRB if the liability were limited to perhaps two times the price of the dataset in the event that the user were found negligent of the agreement.

Our second concern is that it is unreasonable to hold a recipient of the data liable for any action or inaction on the part of someone to whom the recipient provides any derivative works. Sharing derivative works with a wide range of individuals is an essential function of scholarship and academic freedom. The data recipient cannot police another person's actions, let alone the actions of perhaps hundreds of people.

Finally, we do not take a position on whether the RTRS Academic Data Product should be made available to researchers who lack an association with an institution of higher education.

Thank you very much for the opportunity to comment on the proposed RTRS Academic Data Product.

Sincerely,

Robert Kravchuk	Indiana University	ABFM Chair
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