

Comment on Notice 2014-20

from Private Citizen,

on Sunday, November 23, 2014

Comment:

Basic background: I've been a muni bond investor for 10 years and have quite closely observed the pricing details posted on the EMMA site, which I find very helpful prior to executing my trades, to see if I'm being ripped off or getting a fair deal.

What I've noticed is that, on many occasions, the intra-day price discrepancy between customer and dealer transactions can be 5-10 points wide, rather than say within ~2 points which is more reasonable.

While I'm not against what this new rule is proposing, what would be more helpful to the retail customer is to know beforehand, just prior to trade execution, what the last price was, or in lieu of a last price should none exist, or if pricing details are too old to be of use, how the broker's price being offered to the customer was arrived at, so that the customer can better understand and discuss with his broker the reason for a markup (if buying)/markdown(if selling). In other words, the dealer should be required to discuss with the customer how their price was arrived at.

Otherwise, if this new rule is simply going to repeat already publicly available EMMA data on a customer's trade confirmation documentation, and which won't be discussed with the customer pre-trade, then I don't think this rule goes far enough.

Greater transparency should be made available to the customer at the point of purchase/sale, not after the fact. Otherwise, how can a customer determine a priori if what he's being charged is reasonable or not?