

Required fields are shown with yellow backgrounds and asterisks.

Proposed Rule Change by Municipal Securities Rulemaking Board
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input checked="" type="checkbox"/>	Section 19(b)(3)(A) * <input type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>			
			Rule					
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	19b-4(f)(1) <input type="checkbox"/>	19b-4(f)(2) <input type="checkbox"/>	19b-4(f)(3) <input type="checkbox"/>	19b-4(f)(4) <input type="checkbox"/>	19b-4(f)(5) <input type="checkbox"/>	19b-4(f)(6) <input type="checkbox"/>

Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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Description

Provide a brief description of the proposed rule change (limit 250 characters, required when Initial is checked *).

Amendments to Rule G-34, on CUSIP Numbers, New Issue, and Market Information Requirements, Regarding Use of the Term "Not Reoffered" or the Designation "NRO" in Written Communications About New Issues of Municipal Securities

Contact Information

Provide the name, telephone number and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the proposed rule change.

First Name *	<input type="text" value="Karen"/>	Last Name *	<input type="text" value="Du Brul"/>
Title *	<input type="text" value="Associate General Counsel"/>		
E-mail *	<input type="text" value="kdubrul@msrb.org"/>		
Telephone *	<input type="text" value="(703) 797-6600"/>	Fax	<input type="text" value="(703) 797-6700"/>

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,

Municipal Securities Rulemaking Board

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized officer.

Date	<input type="text" value="06/28/2012"/>
By	<input type="text" value="Ronald W. Smith"/>
	(Name *)
	<input type="text" value="Corporate Secretary"/>
	(Title *)

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

Ronald Smith, rsmith@msrb.org

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

Form 19b-4 Information (required)

Add Remove View

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change (required)

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

Add Remove View

Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

Add Remove View

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

Add Remove View

If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of Proposed Rule Change

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ and Rule 19b-4 thereunder,² the Municipal Securities Rulemaking Board (the “MSRB”) is filing with the Securities and Exchange Commission (the “Commission”) a proposed rule change consisting of amendments to MSRB Rule G-34 (on CUSIP numbers, new issue, and market information requirements) (“proposed rule change”).

(a) The text of the proposed rule change is attached as Exhibit 5. Material proposed to be added is underlined. Material proposed to be deleted is enclosed in brackets.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by the MSRB at its April 25-27, 2012 meeting. Questions concerning this filing may be directed to Karen Du Brul, Associate General Counsel, at (703) 797-6600.

3. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

(a) Purpose

Summary of Proposed Rule Change. The proposed rule change would amend MSRB Rule G-34 to prohibit any broker, dealer or municipal securities dealer (a “dealer”) from using the term “not reoffered” or other comparable term or designation, such as the commonly used designation of “NRO,” without also including the applicable price or yield information about the securities in any of its written communications, electronic or otherwise, sent by or on behalf of the dealer. Such prohibition would apply to any such communication occurring from and after the time of initial award of a new issue of municipal securities. The time of initial award would be the earlier of (A) the Time of Formal Award, or (B) if applicable, the time at which the issuer initially accepts the terms of a new issue of municipal securities subject to subsequent formal award, sometimes referred to as the “verbal award.” “Time of Formal Award” currently is defined in MSRB Rule G-34(a)(ii)(C)(1)(a) as, “for competitive issues, the later of the time the issuer announces the award or the time the issuer notifies the underwriter of the award, and, for negotiated issues, the later of the time the contract to purchase the securities from the issuer is executed or the time the issuer notifies the underwriter of its

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

execution.” The prohibition would not apply to communications occurring prior to the time of initial award of a new issue of municipal securities.

The proposed rule change would improve the availability of current information about initial offering prices or yields of new issues of municipal securities to market participants. Dealers, whether acting as underwriters or in the secondary market, sometimes designate certain maturities of a new issue of municipal securities as not reoffered, or NRO, in communications about such securities, and omit the corresponding initial offering price or yield information. While an underwriter is required to report complete information about initial offering prices or yields (including for maturities designated as NRO) pursuant to MSRB Rules G-32 and G-34 as described below, such information may not be readily available until as late as the end of the “date of first execution” of the new issue.³ The proposed rule change would require underwriters to include such information about initial offering prices or yields in any communication it sends to any party from and after the time of initial award, which occurs prior to the submission deadlines of Rules G-32 and G-34.

More timely information about initial offering prices or yields would improve new issue price discovery for issuers pricing their own same-day transactions as well as for investors and other market participants seeking more contemporaneous price information. Further, the availability of more contemporaneous price information to a larger universe of market participants would significantly reduce pricing inefficiencies in the marketplace. Currently, not all market participants have access to the same universe of price or yield information about new issues of municipal securities as they come to market and, as a result, differences in prices for similar securities may reflect in part the lack of broad access to such data useful in more accurately assessing current market values, rather than differences in intrinsic credit, structural or other features of the securities or the respective issuers. Thus, improving timely access to a larger universe of pricing data by more market participants would reduce pricing inefficiency that results from incomplete data.

The proposed rule change also would delete existing subsection (e)(iii) of MSRB Rule G-34, which includes provisions for compliance by dealers with certain registration and testing requirements previously applicable with respect to the start-up phase in 2008 of the New Issue Information Dissemination System (“NIIDS”) operated by the Depository Trust and Clearing Corporation (“DTCC”). This amendment will streamline Rule G-34 by eliminating language from the rule that no longer has any effect.

Currently Applicable MSRB Rules. With certain exceptions, underwriters are required, pursuant to MSRB Rule G-34(a)(ii)(C), to report to NIIDS certain information about most new issues of municipal securities within two hours following the Time of

³ The date of first execution under Rule G-32 generally is the date on which the underwriter executes its first transactions with a customer or another dealer in any security offered in a primary offering.

Formal Award, including the initial price or yield at which each maturity of the new issue of municipal securities was sold. Underwriters are also required, pursuant to MSRB Rule G-32(b)(vi)(C)(1)(a), to submit to the MSRB's Electronic Municipal Market Access (EMMA[®]) system certain information about the new issue, including the initial offering price or yield of all maturities, on or prior to the end of the date of first execution. Under both rules, the initial offering price or yield must be provided for all maturities, including those that are not reoffered, and underwriters cannot use the designation of NRO in their submissions. Initial offering price or yield information submitted to NIIDS is disseminated by DTCC to its subscribers, including market participants and information vendors, upon submission by underwriters for dissemination, typically within two hours following the Time of Formal Award, while such information submitted to the EMMA system becomes available to the public on the EMMA website and through subscription services to information vendors and other market participants immediately upon submission and typically by the end of the date of first execution.⁴

Availability of Information About Initial Offering Prices or Yields From Third-Party Vendors. Although, as noted above, information vendors may receive subscriptions from the MSRB or DTCC of data that includes the complete initial offering price or yield information for all maturities, including maturities that are not reoffered, such third-party vendors may also receive information regarding the new issue directly from underwriters or other parties on the underwriters' behalf that may sometimes substitute the designation of NRO for the initial offering price or yield for applicable maturities. Third-party vendors may then post such separately submitted information in a manner designed to highlight new issues coming to market and may otherwise repackage and distribute such information to their subscribers, including a combination of dealers, other information vendors and other market participants. This information disseminated by third party vendors, often including the NRO designation without accompanying initial offering price or yield, is available to their subscribers shortly after submission to such vendor and frequently before the the complete initial offering price or yield information becomes available through NIIDS and the EMMA system. The proposed rule change would result in information about the initial offering prices or yields for NRO maturities to be included in any such separately submitted and disseminated information from and after the initial award.

⁴ In addition, with limited exceptions, MSRB Rule G-14 requires dealers to report the actual prices at which municipal securities are sold to the MSRB's Real-time Transaction Reporting System. Although most prices are required to be reported within 15 minutes of the time of trade, in many cases initial trades by syndicate or selling group members executed on the first day of trading at the published list offering price may be reported by the end of the day. Thus, while these prices are disseminated shortly after receipt to the public on a real-time basis by the MSRB on the EMMA website and through subscription services to information vendors and other market participants, transactions reflecting initial offering prices or yields may not be available for dissemination until the end of the first day of trading.

Effective Date of Proposed Rule Change. The MSRB proposes that the proposed rule change be made effective on the first calendar day of the next succeeding month beginning at least twenty-eight (28) calendar days after the date on which the proposed rule change is approved by the Commission.

(b) Statutory Basis

The MSRB believes that the proposed rule change is consistent with Section 15B(b)(2)(C) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), which provides that the MSRB’s rules shall:

be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in municipal securities and municipal financial products, to remove impediments to and perfect the mechanism of a free and open market in municipal securities and municipal financial products, and, in general, to protect investors, municipal entities, obligated persons, and the public interest.

The MSRB believes that the proposed rule change is consistent with the Exchange Act. The proposed rule change would remove impediments to and perfect the mechanism of a free and open market in municipal securities by prohibiting certain communications that hinder price and market transparency, and by facilitating new issue price discovery. The proposed rule change would require that communications occurring from and after the time of initial award of a new issue that use the designation not reoffered or NRO also include the applicable initial offering price or yield. The proposed rule change would contribute to more effective price discovery for issuers pricing their own same-day transactions resulting from the availability of more complete and contemporaneous pricing of other new issues, as well as for investors and other market participants seeking more contemporaneous price information. These changes would also contribute to the MSRB’s continuing efforts to improve market transparency and to protect investors, municipal entities, obligated persons and the public interest.

4. Self-Regulatory Organization’s Statement on Burden on Competition

The MSRB does not believe that the proposed rule change would impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Exchange Act since it would apply to all dealers that send written or electronic communications about new issues of municipal securities. Since dealers are already required to provide the initial offering prices or yields under other MSRB rules, dealers would bear no additional burden in obtaining such information to fulfill the requirements of the proposed rule change. In addition, the burden of adding such price or yield

information to communications in which dealers designate a municipal security as not reoffered should be negligible, particularly in light of the fact that dealers already provide price or yield information in comparable communications occurring during the same timeframe in which they do not designate municipal securities as not reoffered. The MSRB believes that any such negligible burden would be greatly outweighed by the benefits accruing to issuers and the marketplace in general from the increased transparency available to issuers as they price their new issues of municipal securities, since such information will assist them in assuring that the pricing of such issue is informed by current market prices.

5. Self-Regulatory Organization's Statement on Comments Received on the Proposed Rule Change by Members, Participants, or Others.

On March 13, 2012, the MSRB requested comment on a draft of the proposed rule change (the "draft proposal").⁵ Comment letters were received from: Bond Dealers of America ("BDA"); Full Life Financial LLC ("Full Life"); Government Finance Officers Association ("GFOA"); Kious and Co. ("Kious"); M. E. Allison & Co., Inc. ("Allison"); McGuirk, Hugh ("McGuirk"); National Association of Independent Public Finance Advisors ("NAIPFA"); Oppenheimer & Co. Inc. ("Oppenheimer"); and UMB Bank, N.A. ("UMB"). Summaries of those comments and the MSRB's responses follow.

Draft proposal would create a more efficient and transparent market. Various commenters⁶ supported the draft proposal, saying it would enhance market transparency. BDA said that it would "allow other comparable transactions to have a better sense of market movement on the day of pricing." GFOA said that the intent of the draft proposal rectifies the "opaque practice" of designating maturities of new issues without accompanying price and yield information. Allison said it would improve the availability of real-time information about initial offering prices or yields. NAIPFA said that the draft proposal would help ensure that issuers better understand the pricing terms of their securities. Full Life said it can help level the playing field between large and small issuers, and foster fairness between dealers and investors.

Both price and yield data should be reported. GFOA and Full Life said that both price and yield data should be reported. GFOA said that the reporting of just the maturity's price data requires issuers and investors to calculate the corresponding yield, and this added step makes the information less useful to issuers and investors. Full Life said reporting both price and yield data would improve transparency and accuracy of information processing by investors and issuers.

While the MSRB recognizes the value of having both price and yield information available to investors, the MSRB notes that in some circumstances, such as an unknown settlement date, yield cannot be calculated and only price will be available. As a result,

⁵ See MSRB Notice 2012-14 (March 13, 2012).

⁶ See BDA, Full Life, Kious and NAIPFA.

the proposed rule change retains the requirement that either price or yield be provided. Further, the various other existing MSRB rules relating to initial offering prices or yields, as described above, generally do not require that both be provided, and changing the requirement in the draft proposal to provide either price or yield to a requirement to provide both price and yield without addressing the existing ability of dealers to use either price or yield under such other MSRB rule provisions, and without making the necessary changes to MSRB information systems, would result in a significant inconsistency across MSRB rules and information systems. The MSRB notes that it has recently published its Long-Range Plan for Market Transparency Products, dated January 27, 2012, in which it lays out a vision for the next stages of its market transparency products that includes, among other things, significant enhancements to the scope and timing of information available through the EMMA system and other related transparency products. The MSRB will keep this comment under advisement and will consider potential changes consistent with the comment as it reviews its market transparency systems and related rules in connection with the changes described in the Long-Range Plan.

Information about new issue pricing. Oppenheimer said that in sealed bid situations, members are not allowed to bid a yield and concession. It suggested, therefore, that the proposal be revised to permit a syndicate member to disclose the reoffering price or yield after a sealed bid has been awarded. Oppenheimer also said that because most notes are issued NRO, the reoffering price should be the reoffering price used to complete IRS Form 8038. Oppenheimer also questioned how to report offering prices or yields for bonds or notes purchased for inventory.⁷

The draft proposal did not limit the time period during which dealers would be prohibited from using the NRO designation without accompanying initial offering price or yield information, and therefore the draft proposal could apply during the time that sealed bids are being provided to issuers prior to the award of a new issue. In response to Oppenheimer's comment concerning sealed bid situations, the MSRB has determined to modify the proposal to limit the applicability of the proposed rule change to communications occurring from and after the time of initial award. Sealed bid submissions occur prior to the time of initial award and are submitted in the context of a

⁷ Other comments concerning new issue pricing unrelated to the proposed rule change included comments from GFOA and BDA. GFOA said that new issue pricing information should be submitted as promptly as possible, rather than at the end of the day. BDA said that it supported the MSRB's initiative of incorporating NIIDS data into the EMMA system, saying that it would address the problems that gave rise to the need to eliminate the NRO designation. The MSRB agrees with the suggestion that new issue pricing be available sooner than the end of the day and recently published a request for comment on draft amendments to MSRB Rules G-32 and G-34 that would cause information about new issue pricing to be available on EMMA within two hours of the Time of Formal Award. *See* MSRB Notice 2012-19 (April 10, 2012).

competitive sale where the expectation is that bids remain confidential until the issuer reviews all bids at the time of initial award. With respect to Oppenheimer's comments on the use of information from IRS Form 8038 and the reporting of prices or yields for bonds in inventory, the MSRB has no opinion regarding the proper calculation of information for inclusion on an issuer's tax forms but notes that, to the extent a dealer views a new issue municipal security as not being reoffered, the initial offering price or yield that should be reported for purposes of MSRB rules is the price or yield at which such securities were purchased, whether by a dealer for its own inventory or by a customer of the dealer based on a pre-arranged purchase price.

Release of scales prior to official award may lead to inaccurate information in the marketplace and in an underwriter's loss of competitiveness. UMB said that dealers should not be required to release scales prior to an official award because this may lead to inaccurate scales being circulated in the marketplace. UMB also said that releasing scales to the market prior to official award would cause dealers also bidding on same day comparable issues to lose their competitiveness.

UMB's concern is addressed in part by the limitation of the applicability of the proposed rule change to communications occurring from and after the time of initial award. In addition, the proposed rule change would not prohibit a dealer, concerned about a change in pricing between the initial and final awards, from indicating in any communication that prices or yields disseminated prior to the final award may be subject to change. Furthermore, the proposed rule change would not compel an underwriter to disseminate a new issue scale before the formal award; rather, it simply would prohibit the underwriter from stating that some or all of the securities were not reoffered in such communication without also including the initial offering prices or yields. The MSRB also believes that adjusting the time frame during which the rule is applicable would address the concern about competitiveness because underwriters would have been awarded their bid by the time the requirements of the proposed rule change become applicable. By prohibiting the use of the term not reoffered or NRO without accompanying initial price or yield information from and after the time of initial award, the MSRB believes the proposed rule change would be applicable during the period when the information about pricing would be most useful to market participants.

6. Extension of Time Period of Commission Action

Not applicable.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

Not applicable.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

Not applicable.

9. Exhibits

1. Federal Register Notice
2. Notice Requesting Comment and Comment Letters
5. Text of Proposed Rule Change

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-____; File No. SR-MSRB-2012-06)

Self-Regulatory Organizations; Municipal Securities Rulemaking Board; Notice of Filing of Proposed Amendments to Rule G-34, on CUSIP Numbers, New Issue, and Market Information Requirements

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“the Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on June 28, 2012, the Municipal Securities Rulemaking Board (“MSRB”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the MSRB. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The MSRB is filing with the Commission a proposed rule change consisting of amendments to Rule G-34 on CUSIP numbers, new issue, and market information requirements (the “proposed rule change”). The proposed rule change would govern the use by brokers, dealers or municipal securities dealers of the term “not reoffered” or the designation “NRO” in any of its written communications about new issues of municipal securities.

The text of the proposed rule change is available on the MSRB’s website at www.msrb.org/Rules-and-Interpretations/SEC-Filings/2012-Filings.aspx, at the MSRB’s principal office, and at the Commission’s Public Reference Room.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the MSRB included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The MSRB has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

Summary of Proposed Rule Change. The proposed rule change would amend MSRB Rule G-34 to prohibit any broker, dealer or municipal securities dealer (a "dealer") from using the term "not reoffered" or other comparable term or designation, such as the commonly used designation of "NRO," without also including the applicable price or yield information about the securities in any of its written communications, electronic or otherwise, sent by or on behalf of the dealer. Such prohibition would apply to any such communication occurring from and after the time of initial award of a new issue of municipal securities. The time of initial award would be the earlier of (A) the Time of Formal Award, or (B) if applicable, the time at which the issuer initially accepts the terms of a new issue of municipal securities subject to subsequent formal award, sometimes referred to as the "verbal award." "Time of Formal Award" currently is defined in MSRB Rule G-34(a)(ii)(C)(1)(a) as, "for competitive issues, the later of the time the issuer announces the award or the time the issuer notifies the underwriter of the award, and, for negotiated issues, the later of the time the contract to purchase the securities from the issuer is executed or the time the issuer notifies the underwriter of its execution." The prohibition would

not apply to communications occurring prior to the time of initial award of a new issue of municipal securities.

The proposed rule change would improve the availability of current information about initial offering prices or yields of new issues of municipal securities to market participants. Dealers, whether acting as underwriters or in the secondary market, sometimes designate certain maturities of a new issue of municipal securities as not reoffered, or NRO, in communications about such securities, and omit the corresponding initial offering price or yield information. While an underwriter is required to report complete information about initial offering prices or yields (including for maturities designated as NRO) pursuant to MSRB Rules G-32 and G-34 as described below, such information may not be readily available until as late as the end of the “date of first execution” of the new issue.³ The proposed rule change would require underwriters to include such information about initial offering prices or yields in any communication it sends to any party from and after the time of initial award, which occurs prior to the submission deadlines of Rules G-32 and G-34.

More timely information about initial offering prices or yields would improve new issue price discovery for issuers pricing their own same-day transactions as well as for investors and other market participants seeking more contemporaneous price information. Further, the availability of more contemporaneous price information to a larger universe of market participants would significantly reduce pricing inefficiencies in the marketplace. Currently, not all market participants have access to the same universe of price or yield information about new issues of municipal securities as they come to market and, as a result, differences in prices for

³ The date of first execution under Rule G-32 generally is the date on which the underwriter executes its first transactions with a customer or another dealer in any security offered in a primary offering.

similar securities may reflect in part the lack of broad access to such data useful in more accurately assessing current market values, rather than differences in intrinsic credit, structural or other features of the securities or the respective issuers. Thus, improving timely access to a larger universe of pricing data by more market participants would reduce pricing inefficiency that results from incomplete data.

The proposed rule change also would delete existing subsection (e)(iii) of MSRB Rule G-34, which includes provisions for compliance by dealers with certain registration and testing requirements previously applicable with respect to the start-up phase in 2008 of the New Issue Information Dissemination System (“NIIDS”) operated by the Depository Trust and Clearing Corporation (“DTCC”). This amendment will streamline Rule G-34 by eliminating language from the rule that no longer has any effect.

Currently Applicable MSRB Rules. With certain exceptions, underwriters are required, pursuant to MSRB Rule G-34(a)(ii)(C), to report to NIIDS certain information about most new issues of municipal securities within two hours following the Time of Formal Award, including the initial price or yield at which each maturity of the new issue of municipal securities was sold. Underwriters are also required, pursuant to MSRB Rule G-32(b)(vi)(C)(1)(a), to submit to the MSRB’s Electronic Municipal Market Access (EMMA[®]) system certain information about the new issue, including the initial offering price or yield of all maturities, on or prior to the end of the date of first execution. Under both rules, the initial offering price or yield must be provided for all maturities, including those that are not reoffered, and underwriters cannot use the designation of NRO in their submissions. Initial offering price or yield information submitted to NIIDS is disseminated by DTCC to its subscribers, including market participants and information vendors, upon submission by underwriters for dissemination, typically within two

hours following the Time of Formal Award, while such information submitted to the EMMA system becomes available to the public on the EMMA website and through subscription services to information vendors and other market participants immediately upon submission and typically by the end of the date of first execution.⁴

Availability of Information About Initial Offering Prices or Yields From Third-Party Vendors. Although, as noted above, information vendors may receive subscriptions from the MSRB or DTCC of data that includes the complete initial offering price or yield information for all maturities, including maturities that are not reoffered, such third-party vendors may also receive information regarding the new issue directly from underwriters or other parties on the underwriters' behalf that may sometimes substitute the designation of NRO for the initial offering price or yield for applicable maturities. Third-party vendors may then post such separately submitted information in a manner designed to highlight new issues coming to market and may otherwise repackage and distribute such information to their subscribers, including a combination of dealers, other information vendors and other market participants. This information disseminated by third party vendors, often including the NRO designation without accompanying initial offering price or yield, is available to their subscribers shortly after submission to such vendor and frequently before the the complete initial offering price or yield

⁴ In addition, with limited exceptions, MSRB Rule G-14 requires dealers to report the actual prices at which municipal securities are sold to the MSRB's Real-time Transaction Reporting System. Although most prices are required to be reported within 15 minutes of the time of trade, in many cases initial trades by syndicate or selling group members executed on the first day of trading at the published list offering price may be reported by the end of the day. Thus, while these prices are disseminated shortly after receipt to the public on a real-time basis by the MSRB on the EMMA website and through subscription services to information vendors and other market participants, transactions reflecting initial offering prices or yields may not be available for dissemination until the end of the first day of trading.

information becomes available through NIIDS and the EMMA system. The proposed rule change would result in information about the initial offering prices or yields for NRO maturities to be included in any such separately submitted and disseminated information from and after the initial award.

Effective Date of Proposed Rule Change. The MSRB proposes that the proposed rule change be made effective on the first calendar day of the next succeeding month beginning at least twenty-eight (28) calendar days after the date on which the proposed rule change is approved by the Commission.

2. Statutory Basis

The MSRB believes that the proposed rule change is consistent with Section 15B(b)(2)(C) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), which provides that the MSRB’s rules shall:

be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in municipal securities and municipal financial products, to remove impediments to and perfect the mechanism of a free and open market in municipal securities and municipal financial products, and, in general, to protect investors, municipal entities, obligated persons, and the public interest.

The MSRB believes that the proposed rule change is consistent with the Exchange Act. The proposed rule change would remove impediments to and perfect the mechanism of a free and open market in municipal securities by prohibiting certain communications that hinder price and market transparency, and by facilitating new issue price discovery. The proposed rule change would require that communications occurring from and after the time of initial award of a new issue that use the designation not reoffered or NRO also include the applicable initial

offering price or yield. The proposed rule change would contribute to more effective price discovery for issuers pricing their own same-day transactions resulting from the availability of more complete and contemporaneous pricing of other new issues, as well as for investors and other market participants seeking more contemporaneous price information. These changes would also contribute to the MSRB's continuing efforts to improve market transparency and to protect investors, municipal entities, obligated persons and the public interest.

B. Self-Regulatory Organization's Statement on Burden on Competition

The MSRB does not believe that the proposed rule change would impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Exchange Act since it would apply to all dealers that send written or electronic communications about new issues of municipal securities. Since dealers are already required to provide the initial offering prices or yields under other MSRB rules, dealers would bear no additional burden in obtaining such information to fulfill the requirements of the proposed rule change. In addition, the burden of adding such price or yield information to communications in which dealers designate a municipal security as not reoffered should be negligible, particularly in light of the fact that dealers already provide price or yield information in comparable communications occurring during the same timeframe in which they do not designate municipal securities as not reoffered. The MSRB believes that any such negligible burden would be greatly outweighed by the benefits accruing to issuers and the marketplace in general from the increased transparency available to issuers as they price their new issues of municipal securities, since such information will assist them in assuring that the pricing of such issue is informed by current market prices.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

On March 13, 2012, the MSRB requested comment on a draft of the proposed rule change (the “draft proposal”).⁵ Comment letters were received from: Bond Dealers of America (“BDA”); Full Life Financial LLC (“Full Life”); Government Finance Officers Association (“GFOA”); Kious and Co. (“Kious”); M. E. Allison & Co., Inc. (“Allison”); McGuirk, Hugh (“McGuirk”); National Association of Independent Public Finance Advisors (“NAIPFA”); Oppenheimer & Co. Inc. (“Oppenheimer”); and UMB Bank, N.A. (“UMB”). Summaries of those comments and the MSRB’s responses follow.

Draft proposal would create a more efficient and transparent market. Various commenters⁶ supported the draft proposal, saying it would enhance market transparency. BDA said that it would “allow other comparable transactions to have a better sense of market movement on the day of pricing.” GFOA said that the intent of the draft proposal rectifies the “opaque practice” of designating maturities of new issues without accompanying price and yield information. Allison said it would improve the availability of real-time information about initial offering prices or yields. NAIPFA said that the draft proposal would help ensure that issuers better understand the pricing terms of their securities. Full Life said it can help level the playing field between large and small issuers, and foster fairness between dealers and investors.

Both price and yield data should be reported. GFOA and Full Life said that both price and yield data should be reported. GFOA said that the reporting of just the maturity’s price data requires issuers and investors to calculate the corresponding yield, and this added step makes the information less useful to issuers and investors. Full Life said reporting both price and yield data would improve transparency and accuracy of information processing by investors and issuers.

⁵ See MSRB Notice 2012-14 (March 13, 2012).

⁶ See BDA, Full Life, Kious and NAIPFA.

While the MSRB recognizes the value of having both price and yield information available to investors, the MSRB notes that in some circumstances, such as an unknown settlement date, yield cannot be calculated and only price will be available. As a result, the proposed rule change retains the requirement that either price or yield be provided. Further, the various other existing MSRB rules relating to initial offering prices or yields, as described above, generally do not require that both be provided, and changing the requirement in the draft proposal to provide either price or yield to a requirement to provide both price and yield without addressing the existing ability of dealers to use either price or yield under such other MSRB rule provisions, and without making the necessary changes to MSRB information systems, would result in a significant inconsistency across MSRB rules and information systems. The MSRB notes that it has recently published its Long-Range Plan for Market Transparency Products, dated January 27, 2012, in which it lays out a vision for the next stages of its market transparency products that includes, among other things, significant enhancements to the scope and timing of information available through the EMMA system and other related transparency products. The MSRB will keep this comment under advisement and will consider potential changes consistent with the comment as it reviews its market transparency systems and related rules in connection with the changes described in the Long-Range Plan.

Information about new issue pricing. Oppenheimer said that in sealed bid situations, members are not allowed to bid a yield and concession. It suggested, therefore, that the proposal be revised to permit a syndicate member to disclose the reoffering price or yield after a sealed bid has been awarded. Oppenheimer also said that because most notes are issued NRO, the reoffering price should be the reoffering price used to complete IRS Form 8038. Oppenheimer

also questioned how to report offering prices or yields for bonds or notes purchased for inventory.⁷

The draft proposal did not limit the time period during which dealers would be prohibited from using the NRO designation without accompanying initial offering price or yield information, and therefore the draft proposal could apply during the time that sealed bids are being provided to issuers prior to the award of a new issue. In response to Oppenheimer's comment concerning sealed bid situations, the MSRB has determined to modify the proposal to limit the applicability of the proposed rule change to communications occurring from and after the time of initial award. Sealed bid submissions occur prior to the time of initial award and are submitted in the context of a competitive sale where the expectation is that bids remain confidential until the issuer reviews all bids at the time of initial award. With respect to Oppenheimer's comments on the use of information from IRS Form 8038 and the reporting of prices or yields for bonds in inventory, the MSRB has no opinion regarding the proper calculation of information for inclusion on an issuer's tax forms but notes that, to the extent a dealer views a new issue municipal security as not being reoffered, the initial offering price or yield that should be reported for purposes of MSRB rules is the price or yield at which such

⁷ Other comments concerning new issue pricing unrelated to the proposed rule change included comments from GFOA and BDA. GFOA said that new issue pricing information should be submitted as promptly as possible, rather than at the end of the day. BDA said that it supported the MSRB's initiative of incorporating NIIDS data into the EMMA system, saying that it would address the problems that gave rise to the need to eliminate the NRO designation. The MSRB agrees with the suggestion that new issue pricing be available sooner than the end of the day and recently published a request for comment on draft amendments to MSRB Rules G-32 and G-34 that would cause information about new issue pricing to be available on EMMA within two hours of the Time of Formal Award. *See* MSRB Notice 2012-19 (April 10, 2012).

securities were purchased, whether by a dealer for its own inventory or by a customer of the dealer based on a pre-arranged purchase price.

Release of scales prior to official award may lead to inaccurate information in the marketplace and in an underwriter's loss of competitiveness. UMB said that dealers should not be required to release scales prior to an official award because this may lead to inaccurate scales being circulated in the marketplace. UMB also said that releasing scales to the market prior to official award would cause dealers also bidding on same day comparable issues to lose their competitiveness.

UMB's concern is addressed in part by the limitation of the applicability of the proposed rule change to communications occurring from and after the time of initial award. In addition, the proposed rule change would not prohibit a dealer, concerned about a change in pricing between the initial and final awards, from indicating in any communication that prices or yields disseminated prior to the final award may be subject to change. Furthermore, the proposed rule change would not compel an underwriter to disseminate a new issue scale before the formal award; rather, it simply would prohibit the underwriter from stating that some or all of the securities were not reoffered in such communication without also including the initial offering prices or yields. The MSRB also believes that adjusting the time frame during which the rule is applicable would address the concern about competitiveness because underwriters would have been awarded their bid by the time the requirements of the proposed rule change become applicable. By prohibiting the use of the term not reoffered or NRO without accompanying initial price or yield information from and after the time of initial award, the MSRB believes the proposed rule change would be applicable during the period when the information about pricing would be most useful to market participants.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) by order approve or disapprove such proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Exchange Act.

Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-MSRB-2012-06 on the subject line.

Paper comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-MSRB-2012-06. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's website (<http://www.sec.gov/rules/sro.shtml>). Copies of the

submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 am and 3:00 pm. Copies of such filing also will be available for inspection and copying at the MSRB's offices. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-MSRB-2012-06 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁸

Elizabeth M. Murphy
Secretary

⁸ 17 CFR 200.30-3(a)(12).



MSRB NOTICE 2012-14 (MARCH 13, 2012)

REQUEST FOR COMMENT ON PROPOSED CHANGES TO MSRB RULE G-34 CONCERNING THE DESIGNATION OF "NOT REOFFERED" IN CONNECTION WITH NEW ISSUES OF MUNICIPAL SECURITIES

The Municipal Securities Rulemaking Board ("MSRB") is requesting comment on a proposed rule change to MSRB Rule G-34 that would prohibit any broker, dealer or municipal securities dealer ("dealers") from using the designation "Not Reoffered" ("NRO") in any communication about a new issue of municipal securities except in cases where the dealer also included the applicable initial offering price or yield information about such securities.

Dealers, whether acting as underwriters or in the secondary market, sometimes designate certain bonds in a new issue of municipal securities as NRO in communications about such securities, and omit the corresponding initial offering price or yield information. While an underwriter is required to submit complete information about initial offering prices or yields (including maturities designated as NRO) pursuant to MSRB Rules G-32 and G-34, such information may not be readily available until the end of the first day of trading in the new issue, when such information is required to be submitted pursuant to Rule G-32. The availability of complete price or yield information prior to the end of the first day of trading in a new issue considerably enhances market price transparency by facilitating new issue price discovery and significantly reducing inefficiencies in the marketplace.

Comment is requested from market participants on all aspects of the proposed rule change. Comments should be submitted no later than April 10, 2012 and may be submitted in electronic or paper form. Comments may be submitted electronically by clicking [here](#). Comments submitted in paper form should be sent to Ronald W. Smith, Corporate Secretary, Municipal Securities Rulemaking Board, 1900 Duke Street, Suite 600, Alexandria, VA 22314. All comments will be available for public inspection on the MSRB's website.^[1]

Questions about this notice should be directed to Ritta McLaughlin, Senior Director, Market Leadership, or Karen Du Brul, Associate General Counsel, at 703-797-6600.

BACKGROUND

In connection with the underwriting and marketing of a new issue of municipal securities, underwriters frequently arrange for the purchase of one or more maturities (or portions thereof) of such issue by a single investor. Underwriters sometimes then designate such maturity or maturities as NRO, or not reoffered, thereby signaling to other members of the syndicate that such maturity or maturities are not available to be offered to other potential investors. While underwriters are required to submit complete information about initial offering prices or yields (including maturities designated as NRO) pursuant to MSRB Rules G-32 and G-34, an underwriter is not currently required to include such information for maturities designated as NRO when disseminating information about a new issue to other parties, including third-party information vendors. As a result, information subsequently disseminated by dealers about a maturity designated as NRO through marketplace channels typically does not include the price or yield at which the maturity will be sold.

Applicable MSRB Rules

Underwriters are required, pursuant Rule G-34(a)(ii)(C), to report to the New Issue Information Dissemination System (“NIIDS”),^[2] operated by the Depository Trust and Clearing Corporation (“DTCC”), certain information about most new issues of municipal securities within two hours following Time of Formal Award.^[3] The required information includes the initial price or yield at which each maturity of the new issue of municipal securities was sold. Underwriters cannot use the designation of NRO in submissions to NIIDS. DTCC redisseminates this information through a subscription service to information vendors.

Underwriters are also required, pursuant to MSRB Rule G-32(b)(vi)(C)(1)(a), to provide certain information about the new issue, including the initial offering price or yield of each maturity (including those maturities designated as NRO) to the EMMA[®] website^[4] on or prior to the end of the date of first execution,^[5] with such initial offering prices or yields thereupon becoming available to the public through the EMMA website and through subscription services to information vendors and other market participants. Submissions to EMMA on Form G-32 do not accept an NRO designation in lieu of price or yield information about any maturity, and no such indicator is displayed on the EMMA website. Further, unlike the deadline applicable to submission of the NIIDS data, information submitted by underwriters pursuant to Rule G-32 is required to be submitted to the MSRB by no later than the end of the date of first execution.

MSRB Rule G-14 requires dealers to report the actual prices at which bonds are sold to the MSRB’s Real-Time Transaction Reporting System (“RTRS”). These prices are required to be reported within 15 minutes of the time of trade except for trades by syndicate or selling group members executed on the first day of trading at the published list offering price, or trades to a syndicate member or selling group member at a discount from the published list offering price (“list offering price/takedown transactions”), which are reported by end of day.^[6] These prices are disseminated to the public on a real-time basis by the MSRB on the EMMA website and through subscriptions services to information vendors and other market participants.^[7]

Availability of New Issue Price Information

Dissemination of New Issue Pricing Information by Underwriters through Current Marketplace Platforms. In addition to supplying required data to NIIDS, underwriters also supply some or all of the NIIDS-reported information to third-party private sector information vendors and in doing so sometimes substitute the designation of NRO for the initial offering price or yield for applicable maturities. The third-party information vendor then repackages the information, adds other features, and distributes such information to its subscribers which may include dealers, other information vendors and other market participants. This information is available to a vendor’s subscribers shortly after submission to the third party vendor and frequently before the underwriter-announced Time of First Execution,^[8] which is the time the underwriter expects to execute the first trades of the new issue. Unless a market participant has access to NIIDS data directly, information about the initial offering price or yield may not be readily available until the end of the date of first execution.

Existing and Planned MSRB Mechanisms for Disseminating Initial Offering Prices. As noted above, the MSRB currently makes initial offering prices or yields for all maturities of all underwritten issues of municipal securities available on the EMMA website and does not include an NRO indicator. Price and yield information for trades in new issues are also reported and disseminated on the EMMA website within 15

minutes of the time of trade, with initial offering price/takedown transactions reported and disseminated by the end of the day.

The MSRB has announced an initiative to incorporate NIIDS data into the EMMA website information flow and upon completion of this initiative, the MSRB expects that the initial offering price or yield information included in the underwriter's submission to NIIDS would become available for display on the EMMA website by no later than two hours after the Time of Formal Award. Upon approval and implementation, this step would provide in most cases intra-day initial offering price or yield disclosure, rather than the current end of day disclosure.

PROPOSED RULE AMENDMENT

To improve the availability of real-time information about initial offering prices or yields to all market participants, the MSRB is proposing a change to Rule G-34 that would prohibit a dealer from using the term "not reoffered" or other comparable term or designation in any written communication, electronic or otherwise, about a new issue of municipal securities sent by it or on its behalf, without also including the applicable price or yield information about such issue. This rule change would prohibit, for example, the use of the designation of NRO in any written communication about any maturity of a new issue of municipal securities, including any submission to a third-party vendor, unless such communication included the applicable initial offering price or yield.

REQUEST FOR COMMENT

The MSRB hereby requests comment on proposed changes to MSRB Rule G-34 concerning the designation of "not reoffered" on certain maturities of new issues of municipal securities. In addition, the MSRB requests comment on whether the proposed changes should apply solely to the use of the not reoffered designation on or after the formal award of a new issue, or whether the proposed changes also should apply to the use of any such designation during the new issue pricing process or at any other time prior to the formal award.

March 13, 2012

* * * * *

TEXT OF PROPOSED CHANGE^[9]

Rule G-34: CUSIP Numbers, New Issue, and Market Information Requirements

(a) *New Issue Securities.*

(i) – (iii) No change.

(iv) Limited Use of NRO Designation. A broker, dealer or municipal securities dealer may not use the term "not reoffered" or other comparable term or designation without also including the applicable price or yield information about new issues of municipal securities in any of its written communications, electronic or otherwise, sent by it or on its behalf.

(b) - (d) No change.

(e) *NIIDS Registration and Testing Requirements.* NIIDS is an automated, electronic system that receives comprehensive new issue information on a market-wide basis for the purposes of establishing depository eligibility and immediately re-disseminating

such information to information vendors supplying formatted municipal securities information for use in automated trade processing systems. It is operated by Depository Trust and Clearing Corporation (DTCC), a securities clearing agency registered with the Securities and Exchange Commission providing depository services for municipal securities.

(i) – (ii) No change.

[(iii) NIIDS Start-Up. Each broker, dealer or municipal security dealer that has acted at any time after September 30, 2007 and plans to continue to act as an underwriter for a new issue of municipal securities with nine months or greater effective maturity shall complete the requirements of this section (d) by no later than September 15, 2008.]

[1] Comments are posted on the MSRB website without change. Personal identifying information such as name, address, telephone number, or email address will not be edited from submissions. Therefore, commenters should submit only information that they wish to make available publicly.

[2] The NIIDS system is a centralized system for collecting from underwriters and disseminating to market participants standardized electronic information describing new issue securities to ensure that all market participants have access to information necessary for processing transactions once the underwriter executes its first transactions in the new issue.

[3] The term "Time of Formal Award" is defined in Rule G-34(a)(ii)(C)(1)(a) as
for competitive issues, the later of the time the issuer announces the award or the time the issuer notifies the underwriter of the award, and, for negotiated issues, the later of the time the contract to purchase the securities from the issuer is executed or the time the issuer notifies the underwriter of its execution. If the underwriter and issuer have agreed in advance on a Time of Formal Award, that time may be submitted to the new issue information dissemination system in advance of the actual Time of Formal Award.

[4] EMMA, the MSRB's Electronic Municipal Market Access website, is an information facility for receiving electronic submissions of both pricing and other information about new issues, as well as municipal securities disclosure and other key documents and related information, and for making such documents and information available to the public, at no charge on an internet website or by paid subscription.

[5] The term "date of first execution" is defined in Rule G-32(d)(xi) as
the date on which the underwriter executes its first transactions with a customer or another broker, dealer or municipal securities dealer in any security offered in a primary offering; provided that, for offerings subject to Rule G-34(a)(ii)(C), "date of first execution" shall mean the date corresponding to the Time of First Execution as defined in Rule G-34(a)(ii)(C)(1)(b); further provided that, solely for purposes of this rule, the date of first execution shall be deemed to occur by no later than the closing date.

[6] The end of day exception is available only if the actual list offering price is published, so that any security for which no initial offering price information is made available would be subject to the 15 minute reporting requirement.

[7] In addition, MSRB Rule G-15(a) requires disclosure of price and yield information to customers on the customer confirmation, although such information is not generally disseminated to the public.

[8] The term "Time of First Execution" is defined in Rule G-34(a)(ii)(C)(1)(b) as

the time the underwriter plans to execute its first transactions in the new issue. The underwriter shall designate a Time of First Execution that is no less than two hours after all information required by paragraph (a)(ii)(C) has been transmitted to the new issue information dissemination system.

[9] Underlining indicates additions, brackets indicate deletions.

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Alphabetical List of Comments on MSRB Notice 2012-14 (March 13, 2012)

1. Bond Dealers of America: Letter from Michael Nicholas, Chief Executive Officer, dated April 10, 2012
2. Full Life Financial LLC: Letter from Keith Newcomb, Portfolio Manager, dated April 14, 2012
3. Government Finance Officers Association: Letter from Susan Gaffney, Director, Federal Liaison Center, dated April 6, 2012
4. Kious and Co.: E-mail from Michael Kious dated March 13, 2012
5. M. E. Allison & Co., Inc.: Letter from Christopher R. Allison, Chief Financial Officer, dated March 13, 2012
6. McGuirk, Hugh: E-mail dated March 14, 2012
7. National Association of Independent Public Finance Advisors: Letter from Colette J. Irwin-Knott, President, dated April 9, 2012
8. Oppenheimer & Co. Inc.: Letter from Allison F. Fleitas II, Managing Director, Municipal Capital Markets Group
9. UMB Bank, N.A.: E-mail from Kristin Koziol dated March 30, 2012



21 Dupont Circle, NW • Suite 750
Washington, DC 20036
202.204.7900
www.bdamerica.org

April 10, 2012

VIA ELECTRONIC MAIL

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

RE: MSRB Notice: 2012-14: Request for Comment on Proposed Changes to MSRB Rule G-34 Concerning the Designation of “Not Reoffered” in Connection with New Issues of Municipal Securities

Dear Mr. Smith:

The Bond Dealers of America (BDA) is pleased to submit this letter in response to the Municipal Securities Rulemaking Board’s (MSRB) solicitation for comments in connection with the MSRB’s proposed rule change to MSRB Rule G-34 that would prohibit any broker, dealer, or municipal securities dealer from using the designation “Not Reoffered” (NRO) in any communication about a new issue of municipal securities except in cases where the dealer also included the applicable initial offering price or yield information about such securities (Proposed Rule). The BDA is the only DC based group representing the interests of securities dealers and banks focused on the U.S. fixed income markets. We welcome this opportunity to state our position.

We fully support the MSRB’s goals of enhancing market price transparency and reducing marketplace inefficiencies. By eliminating the “not reoffered” practice by some dealers, the Proposed Rule will allow other comparable transactions to have a better sense of market movement on the day of pricing, which will create a more efficient and transparent municipal market.

Additionally, while we believe that the Proposed Rule is a step in the right direction in accomplishing such goals, the MSRB’s initiative of incorporating NIIDS data into the EMMA system would better address the problems that gave rise to the need to eliminate the NRO designation. Therefore, we support the MSRB’s initiative and encourage the MSRB to accelerate such efforts. Providing NIIDS information on the EMMA website would improve the availability of real-time information about initial offering price or yields on an intra-day basis by allowing all market participants access to such information within two hours after the time of formal award rather than having to wait until the end of the first day of trading.

Thank you again for the opportunity to submit these comments.

Sincerely,

A handwritten signature in blue ink that reads "M. Nicholas". The signature is written in a cursive style with a long, sweeping underline.

Michael Nicholas
Chief Executive Officer

Full Life Financial LLC

604 Georgetown Drive
Nashville, TN 37205
615-356-4164 Direct
866-356-4164 Toll Free
www.FullLifeFinancial.com
keithnewcomb@FullLifeFinancial.com

Keith Newcomb CMT, AIF®, CFP®
Portfolio Manager

April 14, 2012

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

RE: MSRB NOTICE 2012-14 (MARCH 13, 2012)
REQUEST FOR COMMENT ON PROPOSED CHANGES TO MSRB RULE G-34
CONCERNING THE DESIGNATION OF "NOT REOFFERED" IN CONNECTION WITH
NEW ISSUES OF MUNICIPAL SECURITIES

Dear Mr. Smith:

Full Life Financial appreciates the opportunity to respond to the Municipal Securities Rulemaking Board's (MSRB's) request for comment on proposed rule amendments concerning the designation of Not Re-Offered ("NRO") in connection with new issues of municipal securities, described in MSRB Notice 2012-14. Full Life Financial is a registered investment adviser serving primarily families and individual investors.

We support the proposals to end use of the NRO designation without including price and yield information. We agree with MSRB that the proposed changes to Rule G-34 would improve transparency, efficiency, and fairness in dealings in the municipal securities primary market.

Ending the unfair practice of hiding initial price and yield under NRO designation will contribute to the ability of all market participants to obtain timely price discovery information. Such transparency can help bring about a more level playing field between large and small municipal market participants, and fosters fairness between dealers and investors. The favorable experience of investors in corporate securities markets over the last decade or so, following implementation of fairness-oriented price transparency and material information dissemination rules, supports our belief that the proposal at hand would benefit investors through increased market efficiency.

We encourage the adoption of timing requirements for price and information disclosure that approach real-time as closely as possible, and appreciate MSRB's ongoing development of technology infrastructure to support this standard. Although dealers have long benefited from issuers' and investors' lack of access to intraday comparables, and many may be loathe to concede their advantage, it is time to accept the reality that modern technology enables rapid dissemination of pricing information for both secondary and new-issue municipal securities. The benefits to investors and issuers far outweigh the concerns of protecting anachronistic dealer advantages.

April 13, 2012; Comments of Full Life Financial Regarding MSRB Notice 2012-14; Page 2 of 2

Finally, we would like to offer a specific suggestion for improvement of the proposal. The proposed rule G-34(a)(iv) requires the dealer to include the price or yield information of NRO designated securities in its communications. We believe it is appropriate to require the inclusion of *both* the price *and* yield information of NRO designated securities, to improve transparency and accuracy of information processing by investors and issuers alike.

In conclusion, we support MSRB's efforts to enhance fairness and transparency in municipal securities markets, and believe the proposals contained in Notice 2012-14 will have beneficial effects on transparency, fairness, price discovery, and market efficiency.

Full Life Financial appreciates the opportunity to comment on MSRB's proposed rule amendments to end the use of NRO designation without price and yield information in primary offerings of municipal securities. I would welcome any questions on 615-356-4164.

Sincerely,

A handwritten signature in black ink that reads "Keith Newcomb". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

Keith Newcomb, CMT, AIF®, CFP®
Portfolio Manager



Government Finance Officers Association
 1301 Pennsylvania Avenue, NW Suite 309
 Washington, D.C. 20004
 202.393.8020 fax: 202.393.0780

April 6, 2012

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

**RE: MSRB Notice 2012-14; REQUEST FOR COMMENT ON PROPOSED CHANGES TO MSRB
 RULE G-34 CONCERNING THE DESIGNATION OF 'NOT REOFFERED' IN CONNECTION
 WITH NEW ISSUES OF MUNICIPAL SECURITIES**

Dear Mr. Smith:

Thank you very much for the opportunity to comment on MSRB Notice 2012-14, regarding the Not Reoffered (NRO) designation in connection with new issues of municipal securities. Our members have questioned the appropriateness of the NRO designation for many years, and we are very pleased with the MSRB's proposed changes to Rule G-34 that would eliminate the practice of reporting NRO without corresponding yield and pricing information.

Many issuers have been concerned that dealers have assigned the NRO designation to maturities of new issues, without accompanying yield and pricing information. This opaque practice – that has existed far too long in our market - hinders market efficiency, and needs to be rectified. The intent of this Notice does just that.

We do, however, believe that the Notice could be enhanced in two ways:

1. **Mandatory Reporting of Yield Data.** The current proposal indicates that the underwriter may provide the yield or pricing data. In order for this information to be truly transparent and useful to issuers and the marketplace as a whole, it is imperative that the yield information be provided. The reporting of just the maturity's price data requires issuers and investors to calculate the corresponding yield based on the bond's closing date, redemption provisions and interest rate. This added step makes the information less useful to issuers and investors. By requiring yield data to be reported, the MSRB will be taking positive steps toward transparency and a more efficient market.
2. **Timing of Reporting.** The Notice states that the new issue pricing information must be available by the end of the first day of trading. We suggest that this information be submitted as promptly as possible, rather than at the end of the day. Information that is not provided until the end of the day grows increasingly stale, and is less helpful to other issuers that may be pricing their own separate transactions, and it does not meet the objective of providing greater market transparency.

Again, we applaud the MSRB's efforts to improve Rule G-34 to ensure that underwriters can not use the NRO designation without accompanying information in connection with newly issued municipal securities. We encourage the MSRB to carefully consider our suggestions to enhance the proposed changes, and would be happy to discuss these issues further with appropriate staff and leadership.

Sincerely,

Susan Gaffney
 Director, Federal Liaison Center

Comment on Notice 2012-14

from Michael Kiouss, Kiouss and Co.

on Tuesday, March 13, 2012

Comment:

I fully support the proposed change to Rule G34 which would prohibit the designation "NRO" on new offerings of municipal securities. I agree that this would enhance market price transparency.

M. E. Allison & Co., Inc.
INVESTMENT BANKERS
950 East Basse Road, Second Floor
San Antonio, Texas 78209-1831

March 13, 2012

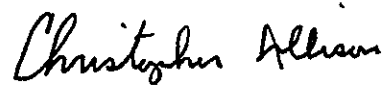
Mr. Ronald W. Smith
Corporate Secretary
Municipal Securities Rulemaking Board
1900 Duke Street, Suite 600
Alexandria, VA 22314

Re: MSRB Requests Comment on Prohibiting “Not Reoffered” Designation in Connection with New Issues of Municipal Securities

Dear Mr. Smith,

M. E. Allison & Co., Inc. is in full support of the MSRB proposal prohibiting “Not Reoffered” designation in connection with new issues of municipal securities. We agree with the assessment that this rule update will improve the availability of real-time information about initial offering prices or yields, and provide greater price dissemination information to market participants.

Sincerely,



Christopher R. Allison
Chief Financial Officer

CRA:tp

From: McGuirk, Hugh
Sent: Wednesday, March 14, 2012 9:32 AM
To: Lynnette Kelly
Subject: FW: (BOB) MSRB: Limit Use Of NRO

Lynnette, I am with you all the way on this one. In my experience, whenever I purchased bonds that were "NRO" it was not at my initiative to label it that way but at the initiative of the dealer. I honestly don't care if anyone else sees the price. Let's do away with it. Keep fighting the fight! Just one investor's opinion.

Hope you are well.
 Hugh

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 MSRB: Limit Use Of NRO
 2012-03-14 05:09:56.580 GMT

By Jonathan Hemmerdinger

March 14 (Bond Buyer) -- WASHINGTON - The Municipal Securities Rulemaking Board proposed a rule change Tuesday that would limit dealers from using the term "NRO," or "not reoffered," in written communications about new muni securities, a move aimed at ensuring market participants will have accurate and timely price and yield information.

A dealer could use the term only if it also discloses the initial offering price or yield information on the securities, the board said in proposed changes to its Rule G-34 on new issues.

"We see this proposal as an important protection for state and local governments. We want to ensure that they are able to access complete pricing information about new bonds," MSRB executive director Lynnette Kelly said in a release.

Underwriters frequently use the NRO designation to show a maturity of bonds has already been sold and is not available to be reoffered to potential investors. When using the designation, underwriters avoid disclosing the price or yield of the bonds.

MSRB rules already require underwriters to report initial offering prices or yields to the board's online EMMA system, but the data isn't due until the end of the first day of trade.

They also must report initial prices and yields to the New Issue Information Dissemination System at the Depository Trust and Clearing Corp. That data is due two hours from when the issuer accepts an underwriters' bid for the bonds, but only those with NIIDS access can get the data.

"The availability of complete price and yield information prior to the end of the first day of trading in a new issue considerably enhances market price transparency," the MSRB said in its release. Comments on the proposed rule change are to be submitted to the board by April 10.

Eric Johansen, treasurer for Portland, Ore., said the proposal is a positive step and will help issuers access timely prices and yields, which they use as benchmarks when negotiating sales of securities. He said municipalities get data from providers like Bloomberg and Thomson Reuters, but that price and yield data is often missing, replaced with NRO.

"When we do negotiated deals, we try to gather information on comparable transactions. And when the yield information is reported as NRO, it's worthless," Johansen said. "We want data from today - the most comprehensive information we can get."

Bond Dealers of America chief executive officer Mike Nicholas said his group's middle-market, fixed-income dealers support the intent of the MSRB's proposal to the extent it improves transparency and efficiency. He said the proposal could change the competitive underwriting process, but added that BDA is open to helping the board tackle potential problems.

Nicholas also supports the MSRB's goal, outlined in its recently issued long-range transparency plan and mentioned in the Tuesday release, to make timely NIIDS data available on EMMA, which he said is BDA's primary source for muni market data.

Leslie Norwood, co-head of the municipal securities division at the Securities Industry and Financial Markets Association, said the MSRB's proposal would mean earlier disclosure of some new-issue prices, but worried some issuers' costs could climb.

"The NRO designation is typically used when an investor does not want the price and yield on its purchase of an entire maturity of securities immediately known," Norwood said. "Not being able to mark maturities NRO will likely cause those investors to demand a higher yield."

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April 9, 2012

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

RE: MSRB Notice 2012-14 – “Not Reoffered” Designation

The National Association of Independent Public Finance Advisors ("NAIPFA") appreciates this opportunity to provide comments to the Municipal Securities Rulemaking Board's ("MSRB") proposed changes to MSRB Rule G-34 (the "Rule") concerning the designation of "Not Reoffered" in connection with new issues of municipal securities.

NAIPFA believes that the proposed changes to the Rule will improve the transparency of the municipal market with regard to the pricing terms of a significant number of municipal issuances. As a result, NAIPFA fully supports the proposed changes to the Rule. Further, NAIPFA believes that the proposed changes to the Rule will help ensure that issuers better understand the pricing terms of their securities.

Finally, it is NAIPFA's understanding that many underwriting firms who do not frequently engage in securities issuances designated as "not reoffered" also welcome the proposed changes to the Rule due, in part, to the increased transparency that such a change will bring to the municipal market.

Sincerely,

Colette J. Irwin-Knott, CIPFA
President, National Association of Independent Public Finance Advisors

cc: The Honorable Mary L. Schapiro, Chairman
The Honorable Elisse B. Walter, Commissioner
The Honorable Luis A. Aguilar, Commissioner
The Honorable Troy A. Paredes, Commissioner
The Honorable Daniel M. Gallagher, Commissioner
Liban Jama, Counsel to Commissioner Aguilar
Lynnette Kelly, Executive Director, Municipal Securities Rulemaking Board

In response to the MSRB's request for comment on a proposal to prohibit brokers, dealers and municipal securities dealers from using the term "not reoffered" or "NRO" in any written communication unless it also included the initial offering price or yield information about the applicable new issue of municipal securities, I would like to respectfully submit comments addressing concerns related to this proposed rule change.

First, on new issue bond syndicates, the first two maturities often go "sealed bid". This means that the syndicate member is bidding a net yield (as his or her cost) that will be marked up in price afterwards. The syndicate member isn't allowed to bid a yield and concession under the terms of sealed bidding. To comply with the proposal, the syndicate member should be required to give his or her reoffering yield/price afterward.

Second, most notes are issued as "NRO". The underwriter must give the intended reoffering price to bond counsel for the IRS form 8038 at the time of the award. This could be used as the reoffering price.

Finally, the last sentence in the paragraph below from MSRB Notice 2012-14 states "the price or yield that the maturity will be sold." Bonds or notes that are bought for inventory cannot definitively state the final sale price because that is to be determined in the future. There are no guarantees that a dealer can achieve the intended price.

While underwriters are required to submit complete information about initial offering prices or yields (including maturities designated as NRO) pursuant to MSRB Rules G-32 and G-34, an underwriter is not currently required to include such information for maturities designated as NRO when disseminating information about a new issue to other parties, including third-party information vendors. As a result, information subsequently disseminated by dealers about a maturity designated as NRO through marketplace channels typically does not include the price or yield at which the maturity will be sold.

Regards,

Allison F. Fleitas II
Managing Director
Municipal Capital Markets Group
Oppenheimer & Co. Inc.

Should you have any questions or need further clarification on the points made above, please contact:

Polly Peters
Senior Director
Municipal Capital Markets Group
Oppenheimer & Co. Inc.
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913-383-5130 Phone
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Comment on Notice 2012-14

from Kristin Koziol, UMB Bank, n.a.

on Friday, March 30, 2012

Comment:

Dealers should not be required to release their scales until they have received the official award preventing inaccurate scales from being circulated in the market. In addition, if we are bidding other comparable issues the same day, we would lose our competitiveness in the market if we had to release our winning scale prior to the official award.

Note: Proposed new language is underlined. Proposed deletions are enclosed in brackets.

Rule G-34: CUSIP Numbers, New Issue, and Market Information Requirements

a) *New Issue Securities.*

(i) *Assignment of CUSIP Numbers.* No change.

(ii) *Application for Depository Eligibility, CUSIP Number Affixture and Initial Communications.* No change.

(iii) *Underwriting Syndicate.* No change.

(iv) Limited Use of NRO Designation. From and after the time of initial award of a new issue of municipal securities, a broker, dealer or municipal securities dealer may not use the term “not reoffered” or other comparable term or designation without also including the applicable price or yield information about the securities in any of its written communications, electronic or otherwise, sent by it or on its behalf. For purposes of this subsection (iv), the “time of initial award” means the earlier of (A) the Time of Formal Award as defined in subparagraph (a)(ii)(C)(1)(a), or (B) if applicable, the time at which the issuer initially accepts the terms of a new issue of municipal securities subject to subsequent formal award.

(b) - (d) No change.

(e) *NIIDS Registration and Testing Requirements.*

(i) NIIDS Registration. No change.

(ii) NIIDS Testing. No change.

[(iii) NIIDS Start-Up. Each broker, dealer or municipal security dealer that has acted at any time after September 30, 2007 and plans to continue to act as an underwriter for a new issue of municipal securities with nine months or greater effective maturity shall complete the requirements of this section (d) by no later than September 15, 2008.]