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August 18, 2004

Justin R. Pica
Uniform Practice Specialist
Municipal Securities Rulemaking Board
1900 Duke Street, Suite 600
Alexandria, Virginia 22314

RE: Comments on Draft Amendments to Rule G-34 to Facilitate Real-Time Transaction Reporting and Explaining Time of Trade for Reporting New Issue Trades

Dear Mr. Pica:

The Bond Market Association¹ (“Association”) appreciates this opportunity to respond to the notice (“Notice”) issued by the Municipal Securities Rulemaking Board (“MSRB”) on June 18, 2004, in which the MSRB proposes draft amendments to Rule G-34.² The Notice sets out the MSRB’s proposal for amendments to Rule G-34, with the intent of facilitating real-time transaction reporting (“RTTR”) and explaining time of trade for reporting new issues. The draft amendments seek to accelerate the time that underwriters notify other dealers of CUSIP numbers and introduce the concept of the “time of formal award.” Pursuant to the amended Rule G-34, underwriters would disseminate this information “as soon as possible,” with the dissemination of all necessary information to be made no later than the time of the underwriter’s first trade execution in the new issue. The draft amendments propose that the underwriter make this information accessible to dealers including those outside of the underwriting group in order to allow those dealers to report transactions correctly.

1. Dissemination of Information

The MSRB specifically requested comments on the dissemination of information by underwriters to all market participants, including those dealers outside of the underwriting syndicate. Under the proposed amendments to Rule G-34, the “time of formal award” reflects the earliest time that a trade in a new issue can be executed, and would be defined as: (i) for negotiated issues, the time that the bond purchase agreement

¹ The Association represents securities firms and banks that underwrite, trade and sell debt securities, both domestically and internationally. The Association’s Member firms collectively represent in excess of 95% of the initial distribution and secondary market trading of municipal bonds, corporate bonds, mortgage and other asset-backed securities and other fixed income securities. More information about the Association is available on its website www.bondmarkets.com.

² MSRB Notice 2004-18.

is executed; and (ii) for competitive issues, the time of the issuer's official announcement of the award. However, an underwriter is not required by MSRB rules to execute trades at that time, and may, particularly in cases in which a formal award occurs after the end of the business day, choose to execute its first transactions on the next business day. Before this "time of first execution," which will be after the "time of formal award," no trade executions should occur. Although the "time of first execution" is not an explicitly required data element for underwriters to disseminate under the proposed amendments to Rule G-34, the Association encourages its members to disseminate this information to market participants to avoid any confusion as to the timing of the first execution of a trade in a new issue. To facilitate the execution of pending orders in a new issue, the proposed amendments require an underwriter to disseminate final CUSIP numbers and the "time of formal award," but also implicitly require dissemination of the "time of first execution," if different from the "time of formal award," as soon as possible, but in no event later than the "time of first execution" in the issue.

Rather than create additional information portals, the Association recommends that the MSRB goals articulated in the Notice can best be accomplished by utilizing existing information service providers of municipal securities information for disseminating this critical information. The Association has set up a G-34 Task Force to work with the current information service providers³ in the municipal securities industry. This G-34 Task Force has met with and encouraged industry information service providers, in light of the regulatory changes necessary to implement RTTR, to: a) increase awareness about the need for quick and accurate dissemination of the final CUSIP numbers, the "time of formal award" and the "time of first execution," and b) to include new fields in their systems, if necessary, to accommodate the dissemination of this information from underwriters to market participants on a real-time basis. The Association has received commitments from a number of information service providers to disseminate this additional information. Compliance with the proposed amendments to Rule G-34 should occur if underwriters disseminate the CUSIP numbers, the "time of formal award" and the "time of first execution" to one or more information service providers to reach all market participants. The Association believes that the addition of the necessary fields to the current information dissemination systems and their planned enhancements will provide the ideal means of disseminating the required information.

The Association strongly supports the use of the current information service providers to carry this information, and feels that additional systems, emails, newsgroup postings, and processes should not be implemented. Such additional systems or processes would only serve to overwhelm market participants with a vast amount of unwanted information, as in the case of email notifications, or waste time and resources, as in the case of requiring personnel to add an additional data source. Adding the appropriate fields to the existing

³ The term "information service providers" includes BondDesk Group LLC, Bloomberg Financial Markets, i-Deal LLC, Dalcomp, DPC Data Inc., Reuters America Inc., Standard & Poor's, Kenny Disclosure Services, FT Interactive Data, The Bond Buyer, TM3, and other information and news vendors.

information sources will provide reasonable access to all dealers without simultaneously causing an undue burden on the industry.

2. Timing of Disclosures in Negotiated Issues

The Association acknowledges that in negotiated issues, certain information, such as the CUSIP numbers, may be known in advance of the “time of formal award” or the “time of first execution.” We fully support dissemination of CUSIP numbers to the current information service providers as soon as practicable after they are known and in no case later than the “time of first execution.”

3. Timing of Awards in Competitive Issues

The MSRB also specifically solicited comment on the timing of formal awards made by issuers in competitive issues. In the case of competitive issues, the proposed amendments to Rule G-34 require the winning underwriter to disseminate to market participants the CUSIP numbers and the “time of formal award” shortly after the issuer announces the winner of the competitive bid. However, the winner of a competitive sale may delay making the required communication of CUSIP numbers (and delay trade executions) if CUSIP numbers are not pre-assigned to the issue prior to the auction.

Although in some cases a formal award for a competitive issue is made by the issuer within a short period of time after bidding has completed, this is not always the case. In some instances, bids need to be verified or checked which would delay the formal award process. Also, a winning bidder in a competitive sale is determined by the bid with the lowest interest cost. Depending on the issuer’s needs and the structure of the winning bid, the issuer may resize the deal within certain parameters after a winning bidder is determined. For example, a winning bid with a large amount of original issue discount may require an issuer with a specific proceeds requirement to increase the par amounts of some or all maturities. The Association recognizes early application for CUSIP numbers is possible and encouraged, however, final CUSIP numbers may not be available immediately because they can’t be assigned until final par amounts for each maturity have been determined. In these cases, the Association supports the dissemination of CUSIP numbers to the current information service providers as soon as practicable after they are known, and in no case later than the “time of first execution.”

4. Conclusion

The Association recognizes the need to timely disseminate to market participants the CUSIP numbers, the “time of formal award,” and “time of first execution,” if necessary. We support dissemination of this information through current information service providers, and are working with the information service providers to facilitate this process. The Association appreciates the opportunity to present our views to the MSRB on the issues relating to the implementation of real-time trade reporting and the explanation of time of trade for reporting new issue trades. We look forward to

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discussing these issues further with the MSRB staff and appreciate your attention to our comments. Please contact the undersigned at 646.637.9230 or via email at Lnorwood@bondmarkets.com with any questions that you might have.

Sincerely,

/s/ Leslie M. Norwood

Leslie M. Norwood
Vice President and
Assistant General Counsel

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cc: ***Securities and Exchange Commission***

The Honorable William H. Donaldson, Chairman
The Honorable Cynthia A. Glassman, Commissioner
The Honorable Harvey J. Goldschmid, Commissioner
The Honorable Paul S. Atkins, Commissioner
The Honorable Roel C. Campos, Commissioner
Giovanni P. Prezioso, General Counsel, Office of the General Counsel
Annette L. Nazareth, Director, Division of Market Regulation
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