

From: Nathan Saks

Sent: Monday, March 28, 2011 3:07 PM

To: Muni Field Hearings

Subject: Bond market improvements that are needed

- Brokers etc don't reveal to customer when they are selling from their own inventories. This should be a mandatory disclosure item. They should be forced to offer customers all inventory available not just their own inventory.
- Brokers don't reveal to customer when they are taking an internal spread either through selling their own inventory or a hidden spread they are adding to the transaction.
- This market is very opaque it is hard to get pricing in real time. Pricing in real time should be available to all customers just like equities. This lack of information is constantly used against customers
- Credit ratings and credit downgrades/events are not available to customers. You have to try and get your broker to pull a proprietary Moody's or S&P report. This should be available to everyone purchasing a bond and disclosure of the credit ratings criteria mandatory.
- When you buy a bond large institutional investors may create a new bond CUSIP for the same maturity with better terms than you as the retail customer were offered. This happens after you have made your commitment. This is highly unfair and a common practice.
- There is no alert system for a retail customer to use whereas the information regarding a bond downgrade is available. This information should be pushed to the customer or to broker and they should have a responsibility to reveal it.
- All spreads and fees should be disclosed on the bond trade confirmation, including internal or external spreads, markup etc. Also disclosed should be the source of the bond, IE new issue, brokers inventory, or 3rd party. The price it was purchased at ie. Broker to broker trade should be disclosed along with the markup information
- The main problem is that the market is still very opaque and the industry would like to keep it that way. The playing field is rigged against the retail customer. Even with Trace and MSRB site pricing is not in real time.
- It is a huge mistake to allow underwriters to pose as FA's. This is inviting abuse and is a step backwards.

Sincerely,
Nathan Saks