

April 17, 2015

VIA ELECTRONIC MAIL

Brent J. Fields
Secretary
Securities and Exchange Commission
10 Street, NE
Washington, DC 20549

RE: Release No. 34-74564: File Number SR-MSRB-2015-02: Notice of Filing of a Proposed Rule Change Consisting of Proposed Amendments to the MSRB Rule G-14 RTRS Procedures, and the Real-Time Transaction Reporting System and Subscription Service (March 23, 2015)

Dear Mr. Fields:

On behalf of the Bond Dealers of America (“BDA”), I am pleased to submit this letter in response to the Securities and Exchange Commission’s Notice of Filing of a Proposed Rule Change Consisting of Proposed Amendments to the MSRB Rule G-14 RTRS Procedures, and the Real-Time Transaction Reporting System and Subscription Service¹. BDA is the only DC based group representing the interests of middle-market securities dealers and banks focused on the United States fixed income markets and we welcome this opportunity to present our comments on this Notice. The BDA supports increased transparency in the municipal securities markets and we appreciate the opportunity to submit our comments on the proposed rule to you.

Testing Period

We appreciate that the MSRB has recognized that the proposed rule change would impose a burden on dealers and subscribers that interface with the Real-Time Transaction Reporting System (RTRS) to comply with the posting and dissemination of the new indicators that would be required. However, we reiterate there would be a cost to the industry with the proposed additional reporting requirements, such as including an indicator to identify transactions occurring with a non-transaction based compensation arrangement or transactions executed using an alternative trading system (ATS), and emphasize the need for an adequate implementation period. The MSRB’s proposed six-month testing period in advance of the effective date may be sufficient time for larger dealers to make the required changes necessary for implementation without disruption to their information technology plans or budgets, however smaller firms with fewer IT resources require at least a nine-month testing period prior to implementation. Operationally, dealers will have to create new data fields and integrate them into existing systems as well as provide training for sales, trading and operations staff. Smaller firms with more limited resources will need additional time to successfully implement the changes required by the proposed rule.

Transaction Yields

¹ 80 Fed. Reg. 59 (27 March 2015), pp. 16466 - 16471.

The BDA reiterates its support for the MSRB's proposal to eliminate the requirement for dealers to include yield on customer trade reports and for the MSRB to calculate and disseminate yield to worst for customer trades, much like it does currently for inter-dealer trades. The MSRB's calculation of yields would avoid differences in yield calculations that occur among dealers due to security master differences. Dealers would benefit from the reduction in compliance and operations efforts required to address error feedback from the MSRB if the requirement to include yield on customer trade reports was eliminated. Customers and dealers would also benefit from the improved consistency in the calculation of yield to worst – an important piece of data used to provide price transparency information to the municipal securities market. We also support the MSRB's proposal to display on EMMA the calculation method and for yield to call, the call and date price used. Showing the inputs MSRB used in its calculation will explain to customers any potential discrepancy between the MSRB-calculated yield on EMMA and the dealer-calculated yield reported on the customer' trade confirmation.

Non-Transaction Based Compensation Agreements

The BDA continues to support the MSRB' proposal to require dealers to include an indicator to make it clear when a transaction occurs with a non-transaction based compensation arrangement. This indicator would provide the users of trade transparency products with information that could explain certain variations in trade prices and assist in best execution determinations. The BDA believes that the municipal market would benefit from greater clarity about the transaction prices charged under these circumstances.

ATS Indicator

The BDA appreciates the MSRB's efforts to reduce the burden on dealers by proposing to implement an ATS indicator by utilizing the existing special condition indicator field in RTRS. However, unless dealers intend to manually segregate ATS transactions, they still must recode all of their ATS account records so that their systems recognize that an ATS was used in a transaction and incorporate the new data fields into the ticketing and reporting systems to coordinate the ATS code with the special condition indicator on RTRS. These changes will take time for the dealers to implement. Therefore, we reiterate our request to extend the MSRB's proposed testing period from six months to at least nine months to enable dealers with fewer IT resources to successfully make these programming changes

Thank you again for the opportunity to submit these comments.

Sincerely,

A handwritten signature in blue ink, appearing to read "Michael Nicholas".

Michael Nicholas
Chief Executive Officer
The Bond Dealers of America