

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-100632; File No. SR-MSRB-2024-06)

August 1, 2024

Self-Regulatory Organizations; Municipal Securities Rulemaking Board; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend the MSRB's Real-Time Transaction Reporting System and Price Dissemination Information Facility to Retire the Transmission Control Protocol Secure Socket Connection

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Exchange Act")¹ and Rule 19b-4 thereunder,² notice is hereby given that on July 30, 2024, 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 filed with the Commission a proposed rule change to amend the MSRB's Real-Time Transaction Reporting System and Price Dissemination Information Facility ("IF-1") to consolidate access by subscribers to the real-time transaction data residing within the Real-Time Transaction Reporting System ("RTRS") through a web service and to fully retire the Transmission Control Protocol secure socket connection ("TCP secure socket connection") (the "proposed rule change").

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

The MSRB has filed the proposed rule change under Section 19(b)(3)(A)(iii) of the Exchange Act³ and Rule 19b-4(f)(6)⁴ thereunder, as a noncontroversial rule change that renders the proposed rule change effective upon filing. The MSRB will announce the operative date of the proposed rule change, which would be no earlier than 30 days following the filing of the proposed rule change with the Commission, in a regulatory notice to be published on the MSRB website. The operative date will be the earlier of nine months following the filing date or the day by which all subscribers are deemed to have discontinued the use of the TCP secure socket connection. During the period leading to the operative date, the MSRB will no longer permit new subscribers to establish new connectivity to RTRS using the TCP secure socket connection.

The text of the proposed rule change is available on the MSRB's website at <https://msrb.org/2024-SEC-Filings>, at the MSRB's principal office, and at the Commission's Public Reference Room.

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.

³ 15 U.S.C. 78s(b)(3)(A)(iii).

⁴ 17 CFR 240.19b-4(f)(6).

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

1. Purpose

MSRB Rule G-14, on transaction reporting, requires brokers, dealers and municipal securities dealers (“dealers”), and associated persons to report executed transactions in municipal securities to RTRS, with limited exceptions. The MSRB disseminates trade reporting information from RTRS to subscribers through certain data subscription feeds.⁵ One subscription feed offered by the MSRB is the Real-Time Transaction Data Subscription Service (the “Real-Time Subscription”). Currently, subscribers to the Real-Time Subscription may connect to RTRS to obtain real-time data through one of two methods: a TCP secure socket connection, a broadcast service, referred to in IF-1 as a “TCP secure socket connection” and referred to by subscribers as the TCP secure socket interface, and a secure web Application Programming Interface connection, referred to in IF-1 as the “web service”.⁶

The MSRB has utilized a socket service-based technology since the introduction of RTRS in 2005, with the current version consisting of the TCP secure socket connection. The MSRB later added the web service in 2018 as an additional connectivity option to obtain real time transaction data through the Real-Time Subscription.⁷ Since then, the TCP secure socket

⁵ The MSRB also disseminates trade reporting information free of charge to the general public through the MSRB’s centralized Electronic Municipal Market Access (EMMA®) website. EMMA® is a registered trademark of the MSRB.

⁶ See IF-1, MSRB Real-Time Transaction Data Subscription Service, Access to Real-Time Service and Replay Files.

⁷ See Exchange Act Release No. 83038 (Apr. 12, 2018), 83 FR 17200 (Apr. 18, 2018), (File No. MSRB-2018-02) available at <https://www.msrb.org/sites/default/files/MSRB-2018-02-Fed-Reg.pdf>.

connection has become less reliable than the web service, with greater susceptibility for individual subscribers to experience sporadic temporary connection problems.⁸ In some cases, this can require the intervention of information technology support resources from both the MSRB and individual subscribers for troubleshooting and resolving such issues when they arise.

The MSRB has determined to consolidate access by subscribers to the Real-Time Subscription through the web service and to retire the older TCP secure socket connection. The purpose of the proposed rule change is to amend IF-1 to remove the reference to the TCP secure socket connection therein to reflect its retirement. Current subscribers using the TCP secure socket connection that wish to continue receiving the real-time transaction data subscription would need to migrate to the web service. The MSRB expects that, upon migration, these subscribers would experience improvements in the consistency and reliability of receiving trade data information in real-time.

The MSRB would announce the operative date of the proposed rule change, which would be no earlier than 30 days following the filing of the proposed rule change with the Commission, in a regulatory notice to be published on the MSRB website. The operative date will be the earlier of nine months following the filing date or the day by which all subscribers are deemed to have discontinued the use of the TCP secure socket connection. The MSRB intends to engage in outreach efforts to impacted subscribers to support the transition from the TCP secure socket connection to the web service.

Lastly, the proposed rule change also includes minor language changes to improve the readability and technical accuracy of the rule. These changes include adding the word

⁸ These connectivity issues are confined to TCP socket service subscribers only and are not related to RTRS, EMMA®, or any other MSRB system.

“disseminated” to better describe the mechanics of the Real-Time Subscription, adding the article “a” to clarify the use of a single connection, and changing “connecting with RTRS” to “connected to RTRS” to more accurately describe the connection between the web service and RTRS.

2. Statutory Basis

The MSRB believes that the proposed rule change is consistent with Section 15B(b)(2) of the Exchange Act,⁹ which provides that the MSRB shall propose and adopt rules to effect the purposes of the Exchange Act with respect to, among other matters, transactions in municipal securities effected by dealers. Section 15B(b)(2)(C) of the Exchange Act¹⁰ further 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 proposed rule change would improve subscribers’ experience using the Real-Time Subscription to receive trade data. As noted above, the TCP secure socket connection has become less reliable than the web service, with greater susceptibility for individual subscribers to experience sporadic temporary connection problems and requiring the intervention and resources

⁹ 15 U.S.C. 78o-4(b)(2).

¹⁰ 15 U.S.C. 78o-4(b)(2)(C).

of information technology support resources from both the MSRB and individual subscribers for resolving such issues. By consolidating subscriber connection to only the web service, the MSRB can also streamline technical support for the web service and provide an improved user experience for subscribers.¹¹ As a result, the MSRB believes that subscribers will benefit from a common connection with more efficient technical support and faster resolution when any issues arise.

These improvements in the resiliency and efficiency of the Real-Time Subscription will further remove impediments to and perfect the mechanism of a free and open market in municipal securities by making it more likely that subscribers to the Real-Time Subscription receive continuous transaction information. Therefore, the MSRB believes that the proposed rule change satisfies the applicable requirements of Section 15B(b)(2)(C) of the Exchange Act.¹²

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

Section 15B(b)(2)(C) of the Exchange Act¹³ requires that MSRB rules not be designed to impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Exchange Act. The MSRB does not believe the proposed rule change to amend IF-1 would result in any burden on competition. Therefore, the MSRB does not believe the proposed rule change would result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act. In determining whether these standards have

¹¹ Using the web service exclusively would also allow the MSRB to perform more efficient maintenance and information technology deployments during business hours, thereby enhancing business continuity in addition to subscriber experience.

¹² 15 U.S.C. 78o-4(b)(2)(C).

¹³ Id.

been met, the MSRB is guided by the MSRB's Policy on the Use of Economic Analysis in MSRB Rulemaking.¹⁴ The proposed rule change consists of revisions to remove language relating to the TCP secure socket connection to obtain trade reporting data from RTRS.

The proposed rule change is of a technical nature. This proposed rule change to IF-1 would remove references to the "TCP secure socket connection" for access to RTRS data to correspond to the MSRB's planned retirement of that connection for a subset of subscribers. Subscribers presently using the TCP secure socket connection would need to convert to web service for messaging with RTRS. However, with the introduction of a more modern technology infrastructure, issues for individual subscribers using the TCP secure socket connection have increased, and MSRB staff has spent time and resources troubleshooting problems and restoring connectivity to individual subscribers. The MSRB expects that such efforts would need to be continued on a longer-term basis so long as the TCP secure socket connection is available. Subscribers using the TCP secure socket connection are burdened with the higher level of service

¹⁴ See Policy on the Use of Economic Analysis in MSRB Rulemaking, available at <https://www.msrb.org/Policy-Use-Economic-Analysis-MSRB-Rulemaking>. In evaluating whether there was any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act, the MSRB was guided by its principles that required the MSRB to consider costs and benefits of a rule change, its impact on efficiency, capital formation and competition, and the main reasonable alternative regulatory approaches. For those rule changes which the MSRB files for immediate effectiveness under Section 19(b)(3)(A) of the Exchange Act (15 U.S.C. 78s(b)(3)(A)), including information facility rule filings, while not subject to the policy, the MSRB usually focuses its examination exclusively on the burden of competition on regulated entities, but may also include any additional economic analysis that the MSRB believes may inform the rulemaking process based on the facts and circumstances.

disruptions and inquiries to MSRB support staff as compared to subscribers through the web service.

By retiring the TCP secure socket connection, the MSRB is expected to focus its resources on one method of connection, therefore improving the reliability, availability, and supportability of the Real-Time Subscription. This in turn will benefit the current TCP secure socket connection users with a more reliable connection if they choose to continue their Real-Time Subscription and migrate to the web service. The MSRB believes the proposed rule change, while requiring some initial adjustments by subscribers who currently use the TCP secure socket connection to rewrite, or retrofit, their code for the use of the web service, would reduce connection problems for subscribers and therefore improve market efficiency in the longer term. The proposed rule change would not modify the MSRB's administration of RTRS in collecting and disseminating information to the EMMA® website publicly for transactions in the municipal securities market. Accordingly, the MSRB does not believe that the proposed rule change would result in any burden on competition that is not necessary or appropriate in furtherance of the Exchange Act.¹⁵

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

Written comments were neither solicited nor received on the proposed rule change.

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

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time

¹⁵ 15 U.S.C. 78o-4(b)(2)(C).

as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Exchange Act¹⁶ and Rule 19b-4(f)(6)¹⁷ thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Exchange Act.

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 (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include File Number SR-MSRB-2024-06 on the subject line.

Paper Comments:

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

All submissions should refer to File Number SR-MSRB-2024-06. This file number should be included on the subject line if email 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 Internet website (<https://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the

¹⁶ 15 U.S.C. 78s(b)(3)(A).

¹⁷ 17 CFR 240.19b-4(f)(6).

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 the filing also will be available for inspection and copying at the principal office of the MSRB. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to File Number SR-MSRB-2024-06 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, pursuant to delegated authority.¹⁸

Sherry R. Haywood,

Assistant Secretary.

¹⁸ 17 CFR 200.30-3(a)(12).