

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-57750, File No. SR-MSRB-2007-08)

May 1, 2008

Self-Regulatory Organizations; Municipal Securities Rulemaking Board; Order Granting Approval of Proposed Rule Change as Modified by Amendment No. 1 Thereto Relating to Rule G-8, Books and Records, Rule G-9, Preservation of Records, and Rule G-34, CUSIP Numbers and New Issue Requirements, to Improve Transaction Reporting of New Issues

On November 27, 2007, the Municipal Securities Rulemaking Board (“MSRB”), filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change consisting of an amendment of its Rule G-8, Books and Records, Rule G-9, Preservation of Records, and Rule G-34, CUSIP Numbers and New Issue Requirements. The proposed rule change was published for comment in the Federal Register on January 17, 2008.<sup>3</sup> The Commission received two comment letters about the proposed rule change.<sup>4</sup> The MSRB also forwarded to the Commission a comment letter about the proposed rule change received by the MSRB.<sup>5</sup> On April 22, 2008, the MSRB

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> See Securities Exchange Act Release No. 57131 (January 11, 2008), 73 FR 3295 (January 17, 2008) (“Commission’s Notice”).

<sup>4</sup> See letter from Leslie M. Norwood, Managing Director and Associate General Counsel, Securities Industry and Financial Markets Association (“SIFMA”), dated March 28, 2008, and letter from Mary Lee Corrigan, Executive Vice President & Chief Financial Officer and Janis C. Brennan, Vice President & Operations Manager, Griffin, Kubik, Stephens & Thompson, Inc. (“GKST”), dated April 3, 2008.

<sup>5</sup> See letter from Michael Decker and Michael Nicholas, Co-Chief Executive Officers, Regional Bond Dealers Association (“RBDA”), dated April 1, 2008.

filed Amendment No. 1 to the proposed rule change.<sup>6</sup> This order approves the proposed rule change as modified by Amendment No. 1.

The proposed rule change is designed to improve transaction reporting of new issues and would accelerate the timing for CUSIP number assignment and, with the exception of new issues of short-term instruments with less than nine months in effective maturity, require underwriters to: (i) submit certain information about a new issue of municipal securities to Depository Trust and Clearing Corporation's New Issue Information Dissemination System ("NIIDS") within set timeframes; and (ii) set and disseminate a "Time of First Execution" that allows time for market participants to access necessary information in preparation for trade reporting prior to beginning trade executions in the issue. A full description of the proposal is contained in the Commission's Notice.

SIFMA stated in its comment letter that it fully supports increased price transparency in the municipal marketplace and strongly supports the development of the Depository Trust and Clearing Corporation's New Issue Information Dissemination System. However, SIFMA recommended that the proposal not be effective on June 30, 2008 because firms have not had sufficient time to review and test the system and because current unexpected market issues and issuance volume related to auction-rate securities have significantly increased the time demands on the operations staff at the various firms. GKST also supported increased price transparency and the proposal but believed that if the Depository Trust and Clearing Corporation cannot fix the problems

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<sup>6</sup> In Amendment No. 1, the MSRB responded to the three comment letters and, in response to the comment letters, postponed the effective date of the proposed rule change from June 30, 2008 to September 30, 2008. This is a technical amendment and is not subject to notice and comment.

that have already been identified, the cost of complying with the proposed directive will be a severe burden to all firms but relatively more so to smaller firms. The RBDA also supported the development and implementation of the New Issue Information Dissemination System as a way to enhance the overall level of transparency in the municipal market, but did not believe the June 30 deadline offered the market enough time to fully test and implement the system. All three commentators suggested postponing the originally-proposed June 30, 2008 implementation date.

In Amendment No. 1, the MSRB postponed the effective date of the proposed rule change from June 30, 2008 to September 30, 2008. The MSRB believes that the new effective date will address commentators concerns and will allow for the additional time necessary for implementation of NIIDS.

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to the MSRB<sup>7</sup> and, in particular, the requirements of Section 15B(b)(2)(C) of the Act<sup>8</sup> and the rules and regulations thereunder. Section 15B(b)(2)(C) of the Act requires, among other things, that the MSRB's rules 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, to remove impediments to and perfect the mechanism of a free and open market in

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<sup>7</sup> In approving this proposed rule change, the Commission notes that it has considered the proposed rule's impact on efficiency, competition and capital formation. 15 U.S.C. 78c(f).

<sup>8</sup> 15 U.S.C. 78o-4(b)(2)(C).

municipal securities, and, in general, to protect investors and the public interest.<sup>9</sup> In particular, the Commission finds that the proposed rule change is consistent with the Act because it will allow the municipal securities industry to produce more accurate trade reporting and transparency. The proposal will be effective on September 30, 2008, as requested by the MSRB.

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,<sup>10</sup> that the proposed rule change (SR-MSRB-2007-08), as modified by Amendment No. 1, be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>11</sup>

Florence E. Harmon  
Deputy Secretary

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<sup>9</sup> Id.

<sup>10</sup> 15 U.S.C. 78s(b)(2).

<sup>11</sup> 17 CFR 200.30-3(a)(12).