

MEMORANDUM

TO: File No. 4-610

FROM: Alicia F. Goldin
Division of Trading and Markets

DATE: September 14, 2011

RE: Meeting with Representatives of TheMuniCenter.com (TMC)

On December 15, 2010, Thomas Vales and James Wangsness of TMC met with Commissioner Elisse B. Walter and members of her office, as well as Commission staff, including staff from the Division of Trading and Markets, the Office of Compliance Inspections and Examinations, the Division of Corporation Finance and the Division of Enforcement, and staff from the Financial Industry Regulatory Authority and the Municipal Securities Rulemaking Board to discuss issues related to municipal securities, including the role and functionality of TMC and the issue of pre-trade price transparency. TMC provided the attached presentation.



Discovering TheMuniCenter (TMC)
Presentation for:
U.S. Securities and Exchange Commission & Guests

Thomas Vales, CEO
Jim Wangsness, COO
12|15|10





About TMC

Corporate Profile

- **Founded in 2000 by Leading Consortium of Wall Street Firms**
(Bank of America/Merrill Lynch, Citibank, Morgan Stanley, Assured Guaranty)
- **Leading Online Source for Fixed Income Content**
 - Broker/Dealers
Active RIA/ Institutional Buy-side User Base (TMC as B/D)
 - Unique Content: Arbs, Hedge Funds, Institutional Buy-Side
 - 100K desktops accessed via Private Labels and APIs
- **Unique Business Model**
 - Open Market
 - Full Anonymity / TMC Counterparty to All Trades
 - Live and Executable Markets
 - Fully Staffed Voice Brokerage Desk (24 professionals)
- **Secondary Products**
 - Agencies
 - Corporates
 - MBS (CMOs/Whole Loans)
 - New Issue CDs
 - New Issue MTNs
 - Municipals
 - Secondary CDs
 - Treasuries

The “ATS” Landscape

Primary Retail Electronic Fixed Income Marketplace “Odd-lot Transactions”

TheMuniCenter

- Open Market
- Anonymous
- Single Counter-Party
- 1,400 Muni’s Daily
- \$95 million Par Daily
- Consortium Owned

BondDesk

- Closed Market
- Disclosed
- Counter-Party Matching
- ~1,400 Muni’s Daily
- ~\$42 million Par Daily
- Private Equity Owned

Knight BondPoint

- Closed Market
- Disclosed
- Counter-Party Matching
- ~350 Muni’s Daily
- ~\$12 Million Par Daily
- Public Corporation

TradeWeb Retail

- Closed Market
- Disclosed
- Counter-Party Matching
- ~100 Muni’s Daily
- ~\$3 Million Par Daily
- JV Consortium & Thomson Reuters

Note: Competitor’s volumes are estimates.

Access to TMC

Web Users (Domain Expertise Dependence)

▪ Proprietary Functionality & Best-of-Breed Partnerships

- Independent B/Ds, Regional B/Ds, Wirehouses B/Ds, and Online Brokerages
- Trading site built for trading information beyond “order-filling “(Negotiations, Montage, Market Intel)
- Best Ex Layering (repetitive best market, full feature post-trade reports)
- IMS/Back-office (TOMS, Aspire Trader, Beta Trader, Zia, Fabkom; vs. ADP, Beta)
- Analytics & Research (MMD, TechHackers, Kalotay, Investortools; DPC Data, MMA. ThomsonReuters MMD)
- Compliance/Best Execution & Comparables (Proprietary TMC & TKG)
 - **Private Label Service (Outsource Domain Expertise)**
 - Over 60+ Firms with Private Labels
 - Various Customization Projects

Direct Line (In-house Domain Expertise)

▪ Self-Service Model

- Main Street, Online Brokerages, and Regionals connected directly
- IMS Providers (economies of scale)

Advocates of First Mover Advantage & Transparency

- **TMC has been promoting efficiency since 2000 with market leading applications**
 - First ATS to provide Live Prices
 - First ATS to provide Live Two-Sided Markets
 - First to Market with Live Negotiation
 - First to Market with Live MSRB Price Feeds
 - First to Market with Retail CMO Analytics
 - First to Market with BABs Product Offering
 - Only ATS to support Program Trading
 - Material Events Verification & Data Access
 - MSRB and Corporate/Agency TRACE Transparency data
 - Exclusive partnership with next generation pre-trade/post-trade (TKG)

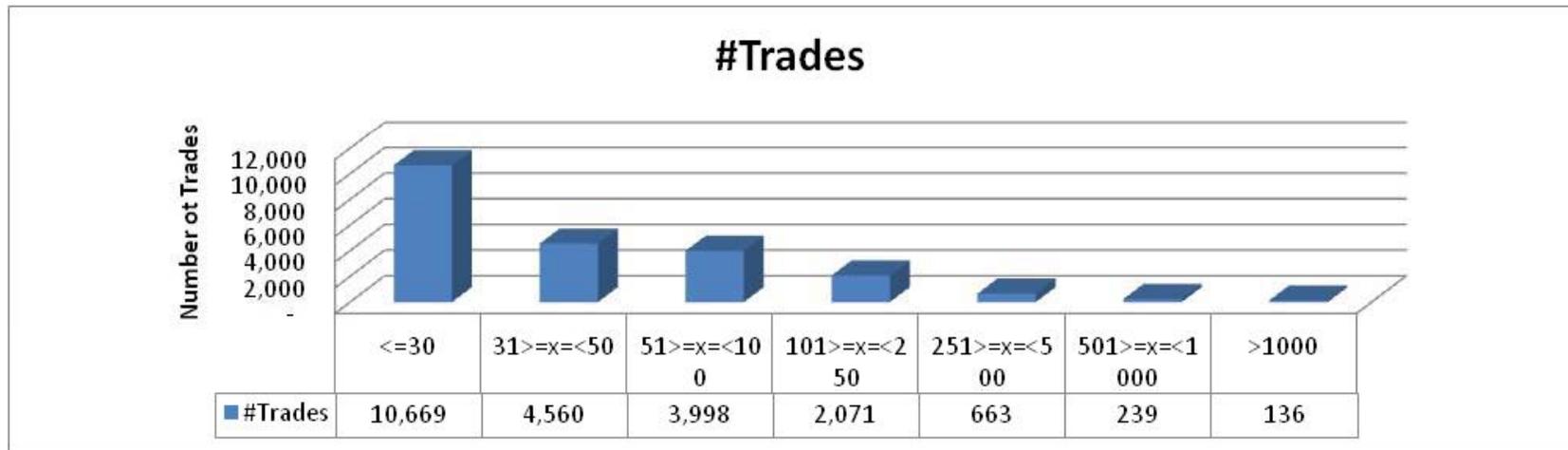
TMC Daily Activity (Municipal Bonds)

> Supply (Daily)

- 32,575 Offerings
- 2,000+ Bids Wanted
- 230 Firms Offering Bonds Daily

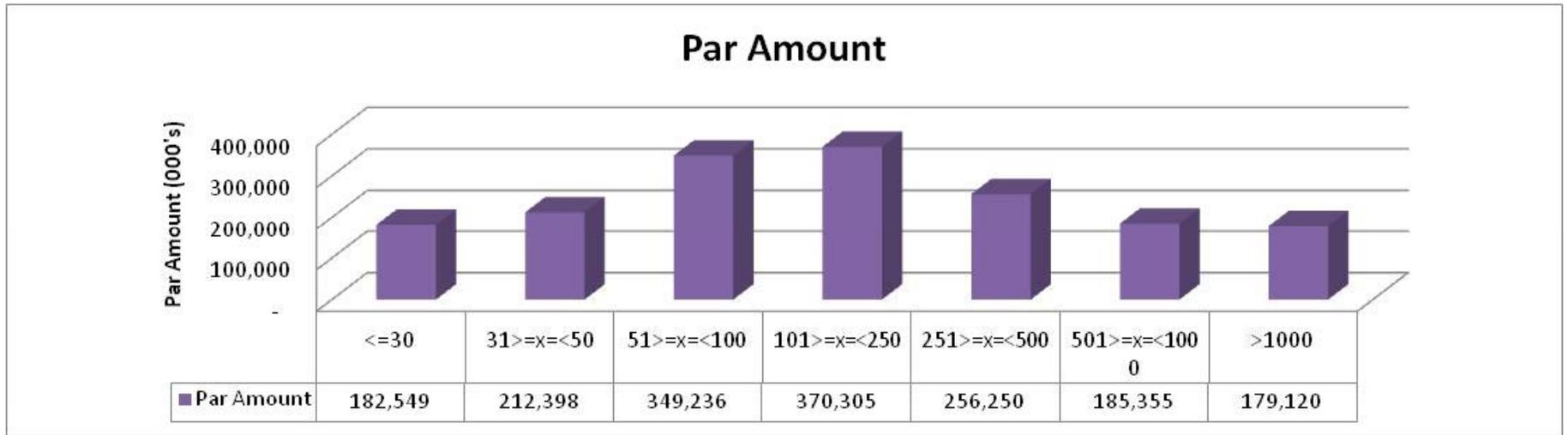
> Demand (Daily)

- 240 Firms Trading
- 400 Unique Firms Monthly
- 1,750 to 2,000+ Traders & Salespeople Logged in daily



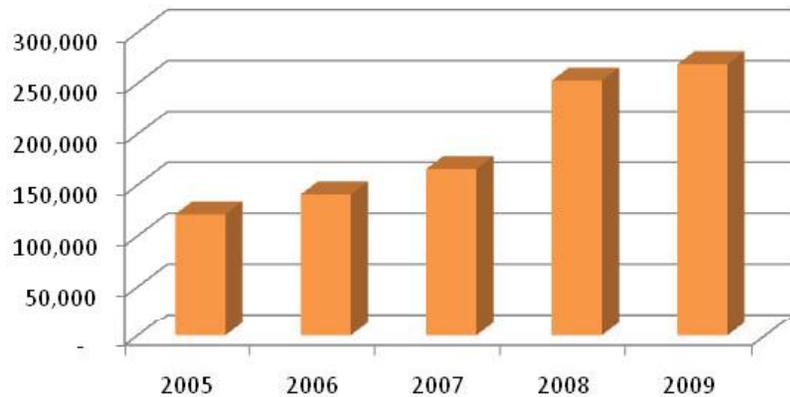
October 2010

TMC Activity Continued (Municipals)

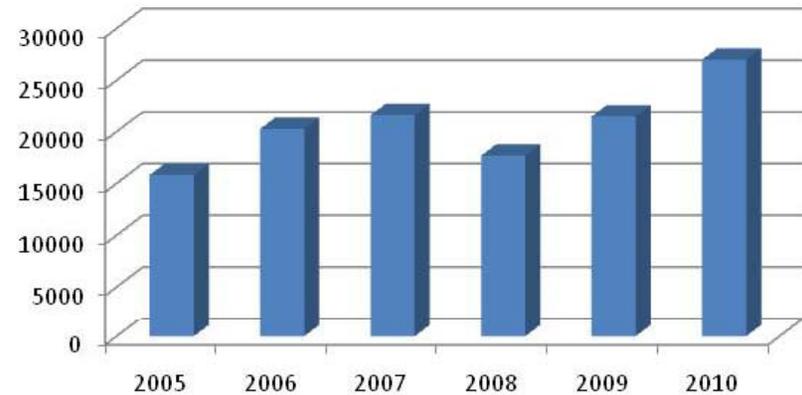


Historical Municipal Bond Metrics

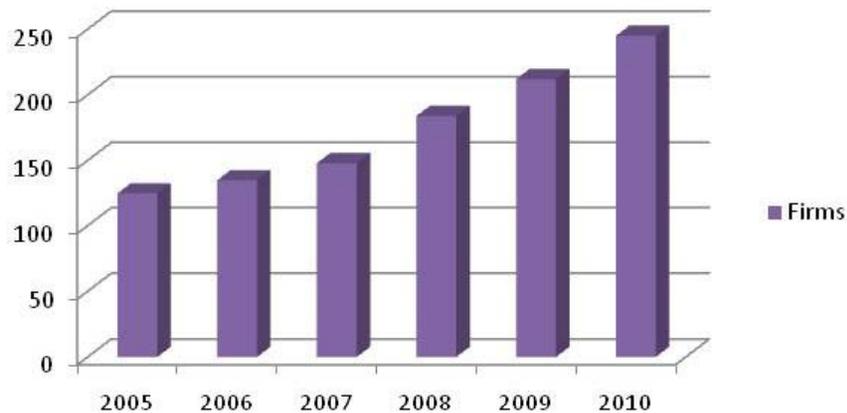
Trades



Offerings



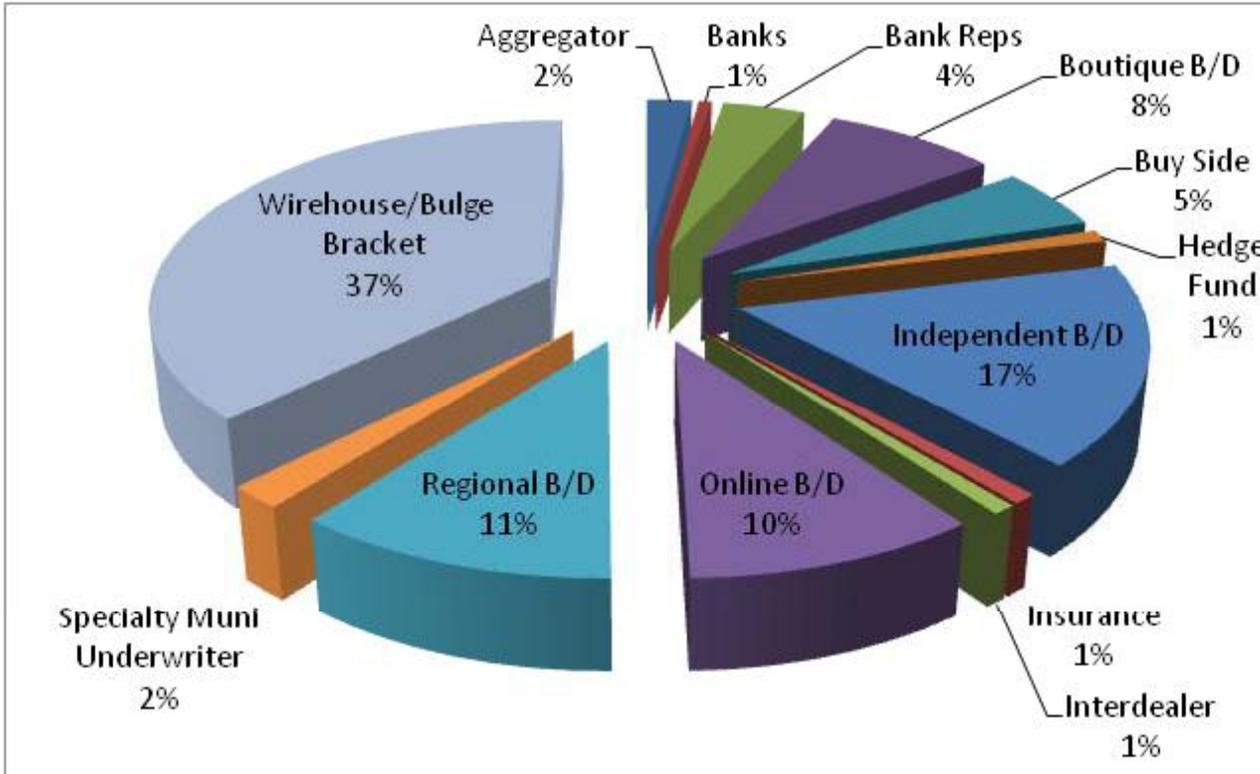
Average Number of Firms Trading Daily



%MSRB Trades



TMC's Client Segments-Broad Based



As of 9/30/10	Total Trades	%
Aggregator	9,357	2.1%
Banks	2,685	0.6%
Bank Reps	17,293	3.9%
Boutique B/D	36,300	8.2%
Buy Side	23,715	5.4%
Hedge Fund	4,608	1.0%
Independent B/D	74,724	16.9%
Insurance	3,830	0.9%
Interdealer	3,562	0.8%
Online B/D	43,769	9.9%
Regional B/D	48,079	10.9%
Specialty Underwriter	8,481	1.9%
Wirehse/Bulge Brckt	165,819	37.5%
TOTALS	442,222	100.0%



TMC Demonstration & Q/A