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February 13, 2024

Sherry Haywood
Assistant Secretary
Securities and Exchange Commission
100 F Street NE,
Washington, DC 20549

Re: File Number SR-MSRB-2024-01

Dear Ms. Haywood:

I recently became aware of a proposed amendment to MSRB Rule G-14 to shorten the timeframe for required trade reporting from 15 minutes to 1 minute. As the beneficiary of the municipal securities market through frequent issuances of tax-exempt bonds, I am very concerned with changes that impose burdens on market participants with no corresponding benefits for the marketplace. As I am sure you are aware, two major firms (Citi and UBS) recently exited the municipal securities market. Presumably one of the reasons was the cost of doing business, including compliance with regulatory burdens. The contraction of capital committed to municipals is troubling for borrowers, mostly state and local government issuers. Currently the municipal marketplace provides an extraordinarily beneficial source of cost-effective financing for the Nation's infrastructure. Anything that adversely affects this system must be carefully considered and assessed from a cost/benefit perspective.

The municipal securities market is an over-the-counter market because of the idiosyncratic nature of the securities issued and traded every day. The nature of municipal securities, i.e., tax-exempt bonds, provides remarkable flexibility to issuers in financing infrastructure and facilitates compliance with internal debt management policies and practices that promote prudent financial management by state and local governments. This in turn supports strong underlying credit fundamentals and low default rates typical in the municipal marketplace. Promulgating rules that may have merit in other markets does not necessarily translate to improvements in the municipal securities market. The unique attributes of the municipal securities market and the purpose that the marketplace serves should be respected absent a clear objective and compelling reason for a change. Neither of these standards are met for the proposed rule change.

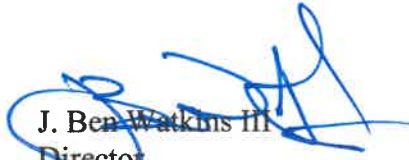
Transparency in the pricing and trading of municipal securities has improved dramatically over the past decade and is more than adequate for fairness in the marketplace and protection of market participants. The municipal securities market is not and never will be an exchange traded market in which real-time reporting of prices and trades matters. Accelerating the timeframe for trade reporting will not result in any additional protection for investors and may well further inhibit capital being deployed in the marketplace. In short, borrowing theoretical concepts from other markets and applying them to municipal securities may well have unintended adverse consequences on the efficiency and effectiveness of the municipal

securities market. I am very concerned that increasing the cost and compliance burden will impair liquidity and the willingness of firms to continue to commit capital to their municipal business.

The proposed amendment appears to be regulation for regulations sake with no corresponding benefits being provided for fairness in the marketplace or the protection of investors. The argument that liquidity will be improved because of more real-time pricing ignores the practical realities of the municipal market and serves to enrich technology firms, algorithmic traders and others seeking to monetize their technological capabilities. This does not represent the vast majority of market participants, constituencies that will suffer the costs and burdens of this additional regulation.

Buy and hold investors are the mainstay of the municipal market investors. This helps provide stability to the market and ensure its smooth functioning and reliability as a source of cost-effective financing for state and local government issuers over generations and through economic cycles. Investors whose business model relies on trading profits and taking advantage of small pricing anomalies in the market are unreliable sources of capital and induce volatility in the marketplace. While they may be an additional source of liquidity, they are not always there when needed. Providing more real-time pricing information enables these kinds of investors to deploy their investment strategies and technologies to municipal bonds when the more important benefit to market participants over the long term are stable and reliable sources of capital. This begs the question as to who the proposed change is intended to benefit and how. The benefits of faster trade reporting for the marketplace and its traditional participants is dubious at best. The potential adverse impact and costs of this proposed rule change and its impact on the marketplace and its participants are far outweighed by any marginal improvements from faster trade reporting.

Sincerely,



J. Ben Watkins III
Director