

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-54612, File No. SR-MSRB-2006-07)

October 17, 2006

Self-Regulatory Organizations; Municipal Securities Rulemaking Board; Order
Approving Proposed Rule Change to MSRB Rule G-14 RTRS Procedures Relating to
“List Offering Price” and “Takedown” Transactions

On August 15, 2006, the Municipal Securities Rulemaking Board (“MSRB” or “Board”), filed with the Securities and Exchange Commission (“SEC” or “Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² a proposed rule change to Rule G-14 RTRS Procedures under Rule G-14, Reports of Sales or Purchases, to expand the usage of “list offering price” transactions to include certain inter-dealer “takedown” transactions and to require the reporting of these transactions as “list offering price” transactions on the first day of trading of a new issue. The MSRB proposed an effective date for the proposed rule change of January 8, 2007. The proposed rule change was published for comment in the Federal Register on September 14, 2006.³ The Commission received no comment letters regarding the proposal.

The proposed rule change retains the end of the day exception from the normal fifteen minute reporting deadline for the expanded category of “List Offering Price/Takedown” transactions. The MSRB believes that the proposed rule change recognizes the similarities between List Offering Price and Takedown transactions and

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 54416 (September 8, 2006), 71 FR 54323 (September 14, 2006).

the dissimilarities between these transactions and secondary market transactions in a new issue, and further believes that transparency reports on the first day of trading for a new issue would be more useful if List Offering Price and Takedown transactions were identified with a special condition indicator.

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 MSRB⁴ and, in particular, the requirements of Section 15B(b)(2)(C) of the Act⁵ 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 municipal securities, and, in general, to protect investors and the public interest.⁶ In particular, the Commission finds that the proposed rule change will allow the municipal securities industry to produce more accurate trade reporting and transparency and will enhance surveillance data used by enforcement agencies. The proposal will be effective on January 8, 2007, as requested by the MSRB.

⁴ In approving this rule the Commission notes that it has considered the proposed rule's impact on efficiency, competition and capital formation. 15 U.S.C. 78c(f).

⁵ 15 U.S.C. 78o-4(b)(2)(C).

⁶ Id.

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,⁷ that
the
proposed rule change (SR-MSRB-2006-07) be, and hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated
authority.⁸

Nancy M. Morris
Secretary

⁷ 15 U.S.C. 78s(b)(2).

⁸ 17 CFR 200.30-3(a)(12).