

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-62734; File No. SR-MSRB-2010-06)

August 17, 2010

Self-Regulatory Organizations; Municipal Securities Rulemaking Board; Notice of Filing of Proposed Rule Change to Establish a Subscription To the Information Collected by the MSRB's Short-term Obligation Rate Transparency ("SHORT") System

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> notice is hereby given that on August 10, 2010, the Municipal Securities Rulemaking Board ("MSRB") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II 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 is filing with the Commission a proposed rule change to establish a subscription to the information collected by the MSRB's Short-term Obligation Rate Transparency ("SHORT") System. The MSRB has requested that the proposed rule change be made effective on September 30, 2010.

The text of the proposed rule change is available on the MSRB's Web site at [www.msrb.org](http://www.msrb.org), at the MSRB's principal office, and at the Commission's Public Reference Room. If approved, the rule text for the Short-term Obligation Rate Transparency Subscription Service would be available on the MSRB Web site at

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

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

<http://www.msrb.org/Rules-and-Interpretations.aspx> under the heading Information Facilities.

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. 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.

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

1. Purpose

The SHORT System is a facility of the MSRB for the collection and dissemination of information about securities bearing interest at short-term rates. Currently, these securities consist of Auction Rate Securities (“ARS”) and Variable Rate Demand Obligations (“VRDOs”). The proposed rule change consists of a proposal to establish a subscription to the information collected by the SHORT System. The data stream subscription would be provided through a Web service and would be made available for an annual fee of \$10,000.<sup>3</sup>

Information disseminated from the SHORT System also is posted to the MSRB’s Electronic Municipal Market Access (EMMA) Web portal pursuant to the EMMA short-

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<sup>3</sup> The proposed subscription price would cover a portion of the administrative, technical and operating costs of the SHORT subscription service but would not cover all costs of such subscription service or of the SHORT System. The MSRB has proposed establishing the subscription price at a commercially reasonable level.

term obligation rate transparency service. Such information would be made available to subscribers simultaneously with the availability of such information to the EMMA Web portal. The subscription service would make the information collected by the SHORT System available to market participants for re-dissemination and for use in creating value-added products and services. Such re-dissemination and third-party use would provide market participants, including investors and the general public, additional avenues for obtaining the information collected by the SHORT System and would make additional tools available for making well-informed investment decisions.

Data elements with respect to the SHORT subscription service that would be provided through the data stream would be set forth in the SHORT System Subscriber Manual posted on the MSRB Web site. The SHORT System Subscriber Manual would provide a complete, up-to-date listing of all data elements made available through the SHORT subscription service, including any additions, deletions or modifications to disseminated data elements, detailed definitions of each data element, specific data format information, and information about technical data elements to support transmission and data-integrity processes between the SHORT System and subscribers.

Subscriptions would be provided through computer-to-computer data streams utilizing XML files for data. Appropriate schemas and other technical specifications for accessing the Web services through which the data stream will be provided would be set forth in the SHORT System Subscriber Manual posted on the MSRB Web site.

The MSRB would make the SHORT subscription service available on an equal and non-discriminatory basis. Subscribers would be subject to all of the terms of the subscription agreement to be entered into between the MSRB and each subscriber,

including proprietary rights of third parties in information provided by such third parties that is made available through the subscription. The MSRB would not be responsible for the content of the information submitted by submitters that is distributed to subscribers of the SHORT subscription service.

## 2. Statutory Basis

The MSRB has adopted the proposed rule change pursuant to Section 15B(b)(2)(C) of the Act,<sup>4</sup> which 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, 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.

The MSRB believes that the proposed rule change is consistent with the Act. The SHORT subscription service would serve as an additional mechanism by which the MSRB works toward removing impediments to and helping to perfect the mechanisms of a free and open market in municipal securities. The subscription service would make the information collected by the SHORT System available to market participants for re-dissemination and for use in creating value-added products and services. Such re-dissemination and third-party use would provide market participants, including investors and the general public, additional avenues for obtaining the information collected by the SHORT System and would make additional tools available for making well-informed

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

investment decisions. Broad access to the information collected by the SHORT System, in addition to the public access through the EMMA Web portal, should further assist in preventing fraudulent and manipulative acts and practices by improving the opportunity for public investors to access material information about Auction Rate Securities and Variable Rate Demand Obligations.

Furthermore, broader re-dissemination and third-party use of the information collected by the SHORT System should promote a more fair and efficient municipal securities market in which transactions are effected on the basis of material information available to all parties to such transactions, which should allow for fairer pricing of transactions based on a more complete understanding of the terms of the securities (including any changes thereto).

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

The MSRB does not believe the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change would make the information collected by the SHORT System available to all persons on an equal and non-discriminatory basis. The information provided through the subscription service would be available to all subscribers simultaneously with the availability of the information through the EMMA Web portal. In addition to making the information available for free on the EMMA Web portal to all members of the public, the MSRB would make the information collected by the SHORT System available by subscription on an equal and non-discriminatory basis without imposing restrictions on subscribers from, or imposing additional charges on subscribers

for, re-disseminating such information or otherwise adding value-added services and products based on such information on terms determined by each subscriber.<sup>5</sup>

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

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

- A. by order approve or disapprove such proposed rule change, or
- B. institute proceedings to determine whether the proposed rule change should be disapproved.

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 Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form

(<http://www.sec.gov/rules/sro.shtml>); or

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<sup>5</sup> The MSRB notes that subscribers may be subject to proprietary rights of third parties in information provided by such third parties that is made available through the subscription.

- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-MSRB-2010-06 on the subject line.

Paper comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-MSRB-2010-06. This file number should be included on the subject line if e-mail 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 Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the 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 Web site 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 such filing also will be available for inspection and copying at the principal office of the MSRB. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available

publicly. All submissions should refer to File Number SR-MSRB-2010-06 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>6</sup>

Florence E. Harmon  
Deputy Secretary

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<sup>6</sup> 17 CFR 200.30-3(a)(12).