

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-56202, File No. SR-MSRB-2007-01)

August 3, 2007

Self-Regulatory Organizations; Municipal Securities Rulemaking Board; Order  
Approving Proposed Rule Change to MSRB Rule G-14, Reports of Sales or Purchases  
Relating to Reporting of Transactions in Certain Special Trading Situations

On June 13, 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 to and interpretation of its Rule G-14, Reports of Sales or Purchases. The MSRB proposed an effective date for this proposed rule change of January 2, 2008. The proposed rule change was published for comment in the Federal Register on July 3, 2007.<sup>3</sup> The Commission received no comment letters regarding the proposal. This order approves the proposed rule change.

The proposed rule change would: (i) clarify transaction reporting requirements and require use of the existing M9c0 special condition indicator on trade reports of three types of transactions arising in certain special trading situations that do not represent typical arm’s-length transactions negotiated in the secondary market; (ii) provide an end-of-day exception from real-time transaction reporting for trade reports containing the M2c0 or M9c0 special condition indicator; and (iii) create two new special condition

---

<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. 55957 (June 26, 2007), 72 FR 36532 (July 3, 2007) (“Commission’s Notice”).

indicators for purposes of reporting certain inter-dealer transactions “late.” A full description of the proposal is contained in the Commission’s Notice.

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>4</sup> and, in particular, the requirements of Section 15B(b)(2)(C) of the Act<sup>5</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 municipal securities, and, in general, to protect investors and the public interest.<sup>6</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 and will enhance surveillance data used by enforcement agencies. The proposal will be effective January 2, 2008, as requested by the MSRB.

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,<sup>7</sup> that

---

<sup>4</sup> 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).

<sup>5</sup> 15 U.S.C. 78o-4(b)(2)(C).

<sup>6</sup> Id.

<sup>7</sup> 15 U.S.C. 78s(b)(2).

the proposed rule change (SR-MSRB-2007-01) be, and it hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>8</sup>

Florence E. Harmon  
Deputy Secretary

---

<sup>8</sup> 17 CFR 200.30-3(a)(12).