

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-62993, File No. SR-MSRB-2010-06)

September 24, 2010

Self-Regulatory Organizations; Municipal Securities Rulemaking Board; Order Granting Approval of Proposed Rule Change, as Modified by Amendment No. 1 Thereto, to Establish a Subscription to the Information Collected by the MSRB's Short-term Obligation Rate Transparency ("SHORT") System

I. Introduction

On August 10, 2010, 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 ("Exchange Act"),¹ and Rule 19b-4 thereunder,² a proposed rule change to establish a subscription to the information collected by the MSRB's Short-term Obligation Rate Transparency ("SHORT") System. The proposed rule change was published for comment in the Federal Register on August 23, 2010.³ The Commission received no comment letters about the proposed rule change. On September 16, 2010, the MSRB filed with the Commission, pursuant to Section 19(b)(1) of the Exchange Act⁴ and Rule 19b-4 thereunder,⁵ Amendment No. 1 to the proposed rule change.⁶ This order approves the proposed rule change as modified by

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 62734 (August 17, 2010), 75 FR 51864 (the "original proposed rule change").

⁴ 15 U.S.C. 78s(b)(1).

⁵ 17 CFR 240.19b-4.

⁶ In Amendment No. 1, the MSRB partially amends the text of the original proposed rule change to correct a typographical error in the definition of the data element Liquidity Facility Type. In all other respects, the original proposed rule

Amendment No. 1.

II. Description of the Proposed Rule Change, As Modified by Amendment No. 1 to the Proposed Rule Change

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 \$10,000.⁷

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-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

change remains as originally filed. This is a technical amendment and is not subject to notice and comment.

⁷ 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.

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 website. 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 website.

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.

The MSRB has requested that the proposed rule change be made effective on September 30, 2010.

IV. Discussion and Commission Findings

The Commission has carefully considered the proposed rule change and finds that the proposed rule change is consistent with the requirements of the Exchange Act and the rules and regulations thereunder applicable to the MSRB⁸ and, in particular, the requirements of Section 15B(b)(2)(C) of the Exchange Act⁹ and the rules and regulations thereunder. Section 15B(b)(2)(C) of the Exchange 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.¹⁰ In particular, the Commission believes that 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

⁸ In approving this proposed rule change, the Commission notes that it has considered the proposed rule's impact on efficiency, competition and capital formation. 15 U.S.C. 78c(f).

⁹ 15 U.S.C. 78o-4(b)(2)(C).

¹⁰ Id.

information collected by the SHORT System and would make additional tools available for making well-informed 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).

IV. Conclusion

For the foregoing reasons, the Commission finds that the proposed rule change, as amended, is consistent with the Exchange Act and the rules and regulations thereunder applicable to the MSRB and, in particular, the requirements of Section 15B(b)(2)(C) of the Exchange Act¹¹ and the rules and regulations thereunder. The proposal will become effective on September 30, 2010, as requested by the MSRB.

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Exchange

¹¹

Id.

Act,¹² that the proposed rule change (SR-MSRB-2010-06), as amended, be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹³

Florence E. Harmon
Deputy Secretary

¹² 15 U.S.C. 78s(b)(2).

¹³ 17 CFR 200.30-3(a)(12).