

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-50491; File No. SR-MSRB-2004-05)

October 5, 2004

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the
Municipal Securities Rulemaking Board to Offer New Historical Data Product

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on September 16, 2004, the Municipal Securities Rulemaking Board (“MSRB” or “Board”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I, II, and III 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 proposes to offer a new transparency product containing historical trade data obtained through the MSRB’s Transaction Reporting System (the “Historical Data Product”). The Historical Data Product will include information for each inter-dealer trade reported since January 24, 1995, and for each customer and inter-dealer trade reported since August 25, 1998, regardless of the number of times a particular issue traded (i.e., the data will not be limited to “frequently traded” issues). The transaction information will be the same as that currently provided in the MSRB’s Comprehensive Transaction Report (“CT Report”), including the trade date, the CUSIP number of the

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

issue traded, a short description of the issue, the size of the transaction (including the exact par amount reported to the MSRB on transactions in amounts greater than one million dollars), the time of trade as reported by the dealer, the price of the transaction, the dealer-reported yield (if any), and a designation as to whether the transaction is a sale by a dealer to a customer, a purchase from a customer, or an inter-dealer trade.³ The MSRB proposes to charge \$600 for a one-year collection of historical data to cover the administrative costs associated with providing this data. The Historical Data Product will be available, at the purchaser's option, either on CD-ROM or by download over the Internet.

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 and discussed any comments it received on 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

In October 2000, the MSRB began offering its Comprehensive Transaction

³ Currently, the CT Report is produced daily and provides historical transaction information on a one-week delayed basis. The information in the CT Report is derived from information submitted to the MSRB by brokers, dealers and municipal securities dealers pursuant to Rule G-14, on reports of sales and purchases, and each CT Report includes transactions reported by dealers as having been executed on a single day one week before the CT Report is produced. The MSRB will continue to produce the CT Report and will continue to offer it under its current subscription terms and rate.

Report to provide historical information on all municipal securities transactions that were effected from August 2000 forward. The information in the CT Report is a comprehensive listing of trades derived from information that dealers are required to submit to the MSRB pursuant to Rule G-14, on reports of sales and purchases.⁴ Prior MSRB transparency products provided information only on “frequently traded” issues -- that is, issues in which multiple transactions occurred on a given trade date. Since the implementation of the first CT Report, the MSRB has enhanced the Report by making it available on-line and by making the data available more quickly after trade date.

The current CT Report is made available as a one-year subscription whereby data is delivered daily (with a one-week delay). The MSRB will continue to produce the CT Report on a one-week delayed basis with details about all transactions traded one-week prior, and will continue to offer it under its current subscription terms and rate. The proposed Historical Data Product would provide the same data as the CT Report but would make it available in another package; rather than having to subscribe to the CT Report, the Historical Data Product will enable a data user to make a one-time purchase of all available trade data for a specified time period in one-year increments. In contrast to the CT Report, the Historical Data Product will not provide a continuous (daily) stream

⁴ Rule G-14 requires dealers to, among other things, report all inter-dealer and customer transactions in municipal securities to the MSRB by midnight of trade date. The CT Report contains both trades reported within this deadline as well as trades reported late or corrected by dealers after the initial report. The data elements included for each trade are the trade date, the CUSIP number of the issue traded, a short description of the issue, the size of the transaction (including the exact par amount reported to the MSRB on transactions in amounts greater than one million dollars), the time of trade as reported by the dealer, the price of the transaction, the dealer-reported yield (if any), and a designation as to whether the transaction is a sale by a dealer to a customer, a purchase from a customer, or an inter-dealer trade.

of data and will not be available on a subscription basis. The MSRB proposes to charge \$600 for a one-year collection of historical data to cover the administrative costs associated with providing this data. The Historical Data Product will be available, at the purchaser's option, either on CD-ROM or by download over the Internet.

2. Statutory Basis

The MSRB believes that the proposed rule change is consistent with section 15B(b)(2)(C) of the Act,⁵ which requires that the rules of the MSRB 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 . . . 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 The MSRB has a long-standing policy to increase price transparency in the municipal securities market, with the ultimate goal of disseminating comprehensive and contemporaneous pricing data. Since 1995, the Board has expanded the scope of its public transparency reports in several steps, and each step has provided industry participants and the public with more information about municipal securities transactions. By providing more information on infrequently traded issues, the Historical Data Product represents another step in the Board's efforts to increase transparency and facilitate the fair pricing of municipal securities transactions. The MSRB encourages the redistribution of the data contained in the Historical Data Product

⁵ 15 U.S.C. 78o-4(b)(2)(C).

⁶ Id.

and believes that achieving the widest possible dissemination of transaction information will help ensure the fairest and most accurate pricing of municipal securities transactions.

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

The MSRB does not believe that the proposed rule change will result in any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

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.

III. DATE OF EFFECTIVENESS OF THE PROPOSED RULE CHANGE AND TIMING FOR COMMISSION ACTION

Within 35 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date 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 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
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-MSRB-2004-05 on the subject line.

Paper comments:

- Send paper comments in triplicate to Jonathan G. Katz, Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609.

All submissions should refer to File Number SR-MSRB-2004-05. 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 inspection and copying in the Commission's Public Reference Room. Copies of such filing also will be available for inspection and copying at the MSRB's offices. 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-2004-05 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁷

Margaret H. McFarland
Deputy Secretary

⁷ 17 CFR 200.30-3(a)(12).