

U.S. Securities and Exchange Commission
Fixed Income Market Structure Advisory Committee

Recommendation Concerning Pre-Trade Transparency in the Municipal Securities Market

June 1, 2020

An issue that has long been of concern to investors, market participants and regulators is the lack of transparency in the municipal securities marketplace. This issue is exacerbated by the fact that, for the most part, individual municipal securities trade only occasionally, so that post-trade information cannot close the gap.

This is not a new issue and has been studied by the Commission and formally discussed in its 2012 Report on the Municipal Securities Market. At that time retail investors had access to relatively little information, thus making it difficult to determine what securities were available for trading, as well as prices associated with these securities. Since then, firms have focused on providing additional information to the user base but the Committee still believes there are significant improvements to be made, particularly for the retail investor.

As such, the Committee believes that this remains an important area for the Commission to consider. We recommend that the Commission review developments in this area in the past decade, including the manner in which retail trades are executed, the roles played by market participants, including intermediaries and marketplaces, and the manner and breadth of information dissemination to retail investors. The Committee recommends that the Commission determine whether there are effective actions that can be taken by the Commission, MSRB or others to provide additional transparency for this vast market to the investing public.