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Approval Notice

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Market Transparency

## SEC Approves MSRB Academic Historical Transaction Data Product

### Overview

The Municipal Securities Rulemaking Board (MSRB) received approval from the Securities and Exchange Commission (SEC) on September 13, 2016, to establish an historical data product to provide institutions of higher education (“academic institutions”) with post-trade municipal securities transaction data collected through the Real-Time Transaction Reporting System (RTRS) (“MSRB Academic Historical Transaction Data Product,” hereafter referred to as “RTRS Academic Data Product”) for purchase.<sup>1</sup> The MSRB will announce the effective date of the RTRS Academic Data Product in a regulatory notice to be published no later than December 12, 2016, and the effective date will be no later than June 9, 2017.

### Background

Under the Exchange Act, the MSRB is charged with adopting rules with respect to transactions in municipal securities effected by brokers, dealers and municipal securities dealers (“dealers”) and the municipal advisory activities of municipal advisors. In addition, the MSRB has undertaken to create various market transparency products in furtherance of its statutory duties and its mission, which is, in part, to promote a fair and efficient municipal securities market through the collection and dissemination of market information.

Historically, the MSRB has operated information systems to collect key disclosure documents and transaction data to create a central warehouse of information that made most of these documents and data available to the market—the Electronic Municipal Market Access (EMMA®)<sup>2</sup> website. The MSRB makes post-trade transaction data available to the general public through the EMMA website at no cost, and to data vendors, industry

<sup>1</sup> See Securities Exchange Act of 1934 (“Exchange Act”) Release No. 78826 (Sept. 13, 2016), File No. SR-MSRB-2016-09 (June 30, 2016).

<sup>2</sup> EMMA® is a registered trademark of the MSRB.



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utilities and others on a subscription basis through a real-time data feed and on a delayed basis.

MSRB Rule G-14, on transaction reporting, requires dealers to report all executed transactions in municipal securities to RTRS within 15 minutes of the time of trade, with limited exceptions.<sup>3</sup> The information facility for RTRS serves to outline the high-level parameters by which the MSRB operates the system. While currently used by researchers from academic institutions (“academics”), through subscription services or in historical data sets, the RTRS data available on the EMMA website do not include any identifying information regarding the dealer reporting each transaction.

## Summary of Rule Changes

The amendments to the RTRS facility create the new RTRS Academic Data Product, which will include the same transactions included in the current RTRS historical transaction data sets, with the inclusion of anonymized dealer identifiers but the exclusion of list offering price and takedown transactions, which are defined such that they generally encompass primary market transactions.<sup>4</sup> The RTRS Academic Data Product will be made available only to academic institutions and will be highly useful in connection with their research activities by allowing them to attribute transactions to the dealers that facilitated them.

The MSRB will take several measures, in addition to anonymizing dealer identifiers, to mitigate the risk of the potential for reverse engineering of anonymized dealer identifiers and any potential harm therefrom. These measures include:

- Providing unique data sets with different anonymized dealer identifiers to each academic user;
- Aging all the transactions included in the RTRS Academic Data Product for no less than 36 months;
- Excluding list offering price and takedown transactions;
- Explicitly requiring users to agree that they will not attempt to reverse engineer the identity of any dealer;
- Prohibiting the redistribution of the data in the RTRS Academic Data Product;

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<sup>3</sup> Transactions in securities without CUSIP numbers, transactions in municipal fund securities and certain inter-dealer securities movements not eligible for comparison through a clearing agency are the only transactions exempt from the reporting requirements of Rule G-14.

<sup>4</sup> In addition, the MSRB intends to establish a fee for the RTRS Academic Data Product prior to its effective date. The fee will be established pursuant to a separate rule filing with the SEC.

- Requiring users to disclose each intended use of the data (including a description of each study being performed and the names of each individual who will have access to the data for the study);
- Requiring users to ensure that any data presented in work product be sufficiently aggregated so as to prevent reverse engineering of any dealer or transaction; and
- Requiring that the data be returned or destroyed if the product agreement is terminated.

Questions concerning this notice may be directed to Carl E. Tugberk, Assistant General Counsel, at 202-838-1500.

September 14, 2016

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## Text of Amendments\*

### RTRS Facility

No change.

### Price Dissemination by RTRS

No change.

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### MSRB Real-Time Transaction Data Subscription Service

No change.

### MSRB Comprehensive Transaction Data Subscription Service

No change.

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\* Underlining indicates new language; strikethrough denotes deletions.

## MSRB Historical Transaction Data Product

No change.

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## MSRB Academic Historical Transaction Data Product

The MSRB offers an Academic Historical Transaction Data Product, which consists of the same transaction information as is provided by the MSRB Historical Transaction Data Product with the exception that it also includes anonymized dealer identifiers and excludes List Offering Price/Takedown Transactions as those terms are defined in MSRB Rule G-14. The Academic Historical Transaction Data Product may be obtained only by institutions of higher education in one-year data sets for data that are aged no less than 36 months. Each requestor will receive a unique data set with different anonymized dealer identifiers. No smaller data sets will be available. The Academic Historical Transaction Data Product will be made available on CD-ROM,<sup>1</sup> pursuant to the terms of the Academic Historical Transaction Data Product Agreement, which must be executed prior to delivery of the Academic Historical Transaction Data Product.<sup>2</sup>

<sup>1</sup> As technology evolves, or if the volume of information included in the Academic Historical Transaction Data Product increases, the MSRB may in the future use a different medium that is equally effective for delivering the Academic Historical Transaction Data Product.

<sup>2</sup> Institutions of higher education shall be required to execute and shall be subject to the terms of the Academic Historical Transaction Data Product Agreement to be entered into with the MSRB, which shall address proprietary and intellectual property rights of third parties in information provided by such third parties that is made available through the Academic Historical Transaction Data Product.