



September 30, 2022

Ronald W. Smith, Corporate Secretary
Municipal Securities Rulemaking Board
1300 I Steet NW
Washington, DC 20005

Re: MSRB Regulatory Notice 2022-07 - Request for Comment on Transaction Reporting Obligations under MSRB Rule G-14

Dear Mr. Smith,

ICE Bonds Securities Corporation (CRD# 123635) (“**ICE Bonds**”)¹ appreciates the opportunity to respond to MSRB Notice 2022-07 (the “**Proposal**”)² issued by the Municipal Securities Rulemaking Board (“**MSRB**”) requesting comment on a proposal to shorten the trade reporting timeframe for transactions effected in municipal securities from fifteen minutes to one minute of the Time of Trade.³

ICE Bonds supports the MSRB’s efforts to provide more timely and informative data to enhance the value of disseminated transaction data and believes shortening the trade reporting timeframe is an important step in these efforts. However, we do not believe that the industry is prepared at this time to report all trades in municipal securities within one minute of Time of Trade.

According to the MSRB’s 2021 transaction reporting analysis, over 23% of transactions required to be reported within fifteen minutes were not reported within one minute of Time of Trade.⁴ Moreover, when the MSRB’s data is broken down by firms that account for more than one-percent market share of trades, only 81.2% of all trades were reported within one minute, and within this group, less than half (47.6%) of dealers reported at least 90% of trades in one minute,⁵ which further demonstrates that a significant percentage of the industry is not prepared to report within one minute of Time of Trade. By contrast, all but 2.7% of trades are reported by the five-minute mark,⁶ which demonstrates that the industry is prepared to report most trades within five minutes of execution.

¹ ICE Bonds is the operator of three (3) alternative trading systems (ICE BondPoint, ICE Credit Trade and ICE TMC) for the trading of fixed income products, is a broker-dealer registered with the U.S. Securities and Exchange Commission, pursuant to Section 15 of the Securities Exchange Act of 1934, and is a member of the Financial Industry Regulatory Authority and the Municipal Securities Rulemaking Board.

² See MSRB Regulatory Notice 2022-07 (Aug. 2, 2022) available at <https://www.msrb.org/-/media/Files/Regulatory-Notices/RFCs/2022-07.ashx?>.

³ “Time of Trade” as defined in Rule G-14(d)(iii), means the time at which a contract is formed for the sale or purchase of municipal securities at a set quantity and set price.

⁴ See Proposal at Table 1 on pg. 4.

⁵ See *id.* at Table 2 on pg. 5.

⁶ See *id.* at Table 1 on pg. 4.



We disagree with the MSRB's position that reducing the reporting requirements from within fifteen minutes to within five minutes of the Time of Trade would not advance the immediacy of information transparency by a meaningful amount.⁷ For instance, with respect to trades with a par value of \$100,000 or greater, the MSRB's analysis demonstrates that between 80% to 94% of trades are reported within five minutes of Time of Trade, which certainly leaves room for improvement in reporting for larger sized trades.⁸ As larger-sized trades have more of an impact on the direction of the market, the MSRB should seek to reduce the reporting timeframe for this category of transactions prior to shifting the entire industry to a one minute reporting deadline.

When the fifteen-minute reporting time period was implemented in 2005, the percentage of trades reported within fifteen minutes of Time of Trade was 93.6%, and as of 2021 that percentage stood at 99.5%. The industry required almost eleven years to improve its fifteen-minute Time of Trade reporting by only 6%. The MSRB now proposes to reduce the reporting period to under one minute, which according to the MSRB's data would require a 30% reporting improvement for all trade sizes and all counterparty types for compliance to be achieved. We believe the MSRB's proposal sets an unrealistic goal and the data do not support a conclusion that the industry is prepared for a one-minute reporting time period. Without further analysis by the MSRB, it's not clear that simply mandating a shorter reporting timeframe will necessarily address the structural deficiencies that may be the cause of these shortfalls.

While electronic trading coupled with straight-through-processing permitted the industry to make significant strides towards real-time reporting, further work is required to achieve this goal. For these reasons, we do not believe the MSRB should move from fifteen minutes to one minute, but instead take a phased approach to reduce reporting times. We recommend that MSRB first reduce the trade reporting to five minutes and, after further analysis demonstrates that the industry is ready for a shorter reporting deadline, propose a one-minute reporting deadline.

ICE Bonds hopes these comments are constructive to the MSRB as it considers further changes to reduce the trade reporting timeframe for transactions in municipal securities that are subject to a fifteen-minute reporting timeframe.

To the extent the MSRB should have any questions relating to this letter please feel free to contact us, as we would appreciate the opportunity to speak with MSRB about these issues.

Sincerely,

A handwritten signature in black ink, appearing to read 'Robert Laorno', with a stylized flourish at the end.

Robert Laorno
General Counsel, ICE Bonds Securities Corporation

cc: Peter Borstelmann, President, ICE Bonds Securities Corporation

⁷ See *id.* at pg. 3.

⁸ See *id.* at Table 1 on pg. 4.