



21 Dupont Circle, NW • Suite 750  
Washington, DC 20036  
202.204.7900  
www.bdamerica.org

August 24, 2015

**Submitted Electronically**

Ronald W. Smith  
Corporate Secretary  
Municipal Securities Rulemaking Board  
1900 Duke Street, Suite 600  
Alexandria, VA 22314

**RE: MSRB Regulatory Notice 2015-10: Request for Comment on Establishment of an Academic Historical Trade Data Product**

Dear Mr. Smith:

On behalf of the Bond Dealers of America (“BDA”), I am pleased to submit this letter in response to the Municipal Securities Rulemaking Board’s Regulatory Notice 2015-10, requesting comment on a new RTRS academic data product. BDA is the only Washington, DC based group representing the interests of middle-market securities dealers and banks focused on the United States fixed income markets and we welcome this opportunity to present our comments on this Notice.

BDA supports initiatives to increase market transparency and investor education that do not create additional business risks for dealers. However, BDA does not support the proposal described in Regulatory Notice 2015-10, to create a new academic data product.

***BDA does not support the proposed academic data set, which would expose dealers to new business risks***

BDA appreciates the value of rigorous academic study of the fixed-income markets. However, BDA believes the proposed new academic data set would expose dealers to unnecessary business risks. The benefits of creating an academic data set, which would include masked dealer-specific identifiers, on a 24-month delay basis, are not outweighed by the business risks to dealers associated with reverse engineering of dealer identities, dealer trading strategies, and dealer inventories.

BDA believes that currently available data sets include a sufficient level of detail to support rigorous study. The inclusion of a dealer-specific identifier in the data set would open dealers to myriad risks related to their trading strategies and business models.

It is for this reason that MSRB has so far chosen to exclude a dealer identifier in its publicly disseminated information and available data sets. BDA sees no compelling reason to halt that practice and urges MSRB to continue to protect dealer identities and trading strategies.

The fact that the proposal does not describe the intent to create a process to change the masked dealer identifiers, for each dealer, on a regular basis is problematic. Without changing the masked identifier, it will become much easier to identify a specific dealer based on its trading data over a longer period of time. A superior method would be to group dealers into multiple groups based on size, which would allow MSRB to reduce the risk of dealer identification.

***BDA does not believe the risks to dealers associated with the academic data set proposal can be meaningfully reduced by the use of the proposed contract***

Furthermore, the value of the proposed agreement which outlines the restrictions that will apply to the authorized academic data set purchasers do not adequately protect dealers. The academic studies will be detailed descriptions and analyses of the dealer-specific transactions based on the data set. The contractual agreement to not attempt to reverse engineer a dealer's identity will not extend to readers of the studies. There may be specific contexts in which it may be easy for the reader of a study to identify a dealer based on an especially large percentage of trading volume in a security that the dealer has recently underwritten or due to other trading patterns in specific securities. Furthermore, nothing in the contract requires the academic institution to have a minimum required level of data security protections in place. Therefore, the valuable dealer-specific data would not be adequately protected from theft. In short, the contract does little to prevent the results it is designed to achieve—the protection of dealer identities.

In conclusion, BDA does not believe there is a compelling reason to put dealer identities at risk. While BDA supports transparency and investor education, it cannot support the academic data set proposed in Regulatory Notice 2015-10, which puts dealer businesses at risk.

Thank you again for the opportunity to submit these comments.

Sincerely,

A handwritten signature in blue ink that reads "Michael Nicholas". The signature is written in a cursive, flowing style.

Michael Nicholas  
Chief Executive Officer