

# Comment on Notice 2015-10

from Chris Melton,

on Wednesday, August 5, 2015

Comment:

I would like to thank the Board for the opportunity to comment on the proposal to disseminate further RTRS data at the request of certain academics. I believe in following the “mushroom” principle (“do not eat anything the sun kills”) when it comes to generic trade data (and most other things) and am generally in favor of the proposal. Although I have my doubts as to the results produced by academic research related to the municipal market, providing raw data to contribute to research driven analysis should be something that receives universal support. That being said, I would like to respond to two questions raised in the Request for Comment.

First, no matter the efforts made to prevent reverse engineering to determine dealer identities, one can most assuredly count on that happening if individual dealer identifiers are utilized. I do not believe that you can “contract” your way out of that risk. Grouping dealers by size or behavior as an alternative suggested in the Request for Comment should allow academics to achieve their goals without creating the specter of published trades “by dealer”. Restricting the distribution to active academics should further mitigate this risk. I would think the Board would need to envision a considerable academic benefit in the use of individual identifiers as opposed to “group” identifiers as proposed in the alternative before approving the distribution of the data on that basis.

Secondly, the benefit of reducing the age of the data from a minimum of 24 months to 12 months outweighs the increased potential risk of reverse engineering dealer identity. Utilizing individual anonymous identifiers presents a far greater risk of dealer identity discovery than using one year old data. One of the issues with the SEC’s Report on the Municipal Market published in 2012 was the staleness of the data. It is important to the accuracy of any academic conclusion related to current conditions to have data that is as fresh as reasonably possible. Although the municipal market is notoriously slow to evolve (and there are a number of good reasons for this), trading patterns and practices can change over a period of one to two years. Consequently, shortening the time frame during which the data is not released should improve the results obtained by academics studying market behavior.

Increasing the availability and accuracy of research related to market activity should benefit all market participants. Thank you again for the opportunity to provide comment on this issue.

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