

Comment on Notice 2018-22

from ROBERT VENTRICE, EMMET & CO.

on Friday, September 14, 2018

Comment:

EMMET & CO HAS EXPERIENCED THIS SITUATION WITH PENNYING. DEALER'S PUTTING OUT BIDS WANTED FOR CUSTOMERS ON PLATFORMS, THEN USING OUR BID TO BUY INTERNALLY. SOMETIMES CHEAPER THAN OUR BID OR PENNY'S HIGHER THAN OUR BID. ANOTHER SITUATION WHERE THIS EXISTS: DEALER'S PUTTING CUSTOMER BONDS OUT FOR THE BID WITH A BROKER AS IN COMP. (THEY RESERVED THE RIGHT TO BID THEMSELVES). PROBLEM IS, THEY DO NOT GIVE THEIR FIRM'S BID TO THE BROKER BEFORE VIEWING HIGH BID FROM BROKER. ANOTHER SITUATION WE HAVE SEEN IS, BIDDING BIDS WANTED AT A HIGHER PRICE AND SEEING THE MSRB TRADE PRINT MUCH CHEAPER. EXAMPLE, WE BID A BOND AT \$103, WE NOTICE A CUSTOMER BUY AT \$101 AND WE DID "NOT" BUY THE BOND. THIS DISCOURAGES US FROM BIDDING NEXT TIME WITH THIS DEALER, IN TURN HURTS THE RETAIL CUSTOMER. THANK YOU.