



TMCBONDS.COM
FIXED INCOME MARKETPLACE

March 11, 2013

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

Request for Comment on Codifying Time of Trade Disclosure Obligation

Dear Mr. Smith:

TMC Bonds, L.L.C. ("TMC") welcomes the opportunity to respond to the Municipal Securities Rulemaking Board's ("MSRB") Request for Comment on Codifying Time Trade Disclosure Obligation. TMC is an electronic exchange for trading fixed income securities and a registered Alternative Trading System ("ATS") with the Securities and Exchange Commission. Started in May 2000, TMC has grown to become a leader in facilitating electronic trading for both taxable and tax-exempt bonds over its open and anonymous platform. In 2012, TMC's monthly trade volume accounted for approximately 20-25% of the secondary inter-dealer municipal trades.

TMC supports the efforts by the MSRB to more clearly define the Rule G-17. Similar to the industry questions that were raised when FINRA's released its 10-41 Regulatory Notice, reminding firms of their obligations when selling municipal securities in the secondary market, TMC has similar concerns for the current proposal.

First, Supplementary Material .02 Electronic Trading Systems, states "Brokers, dealers, and municipal securities dealers operating electronic trading or brokerage systems have the same time of trade disclosure obligations as other brokers, dealers, and municipal securities dealers." This statement may have unintended consequences, as many institutional customers access electronic trading platforms systematically, as opposed to via web browser. Web users are relatively easy to accommodate as most of the various municipal ATS' have numerous tools on their web interfaces from which users are presented with EMMA data and other credit-specific information. However, institutional customers trading via a direct line connection, choose to bypass the information and tools available on an ATS's screens and use only the market feeds containing bids and offerings delivered by the platform. Such firms, having the expertise to take receipt of the data, prefer to use their own internal systems for both validation and



disclosure of relevant information. In fact, the ATS' have hundreds of users that do not log into their sites; rather, they use the ATS' for market-making, not for information gathering. It would be meaningless for the ATS's to pass information, such as documents from EMMA, to institutional users, as the ATS's would be required to warehouse the data and the sender, in these cases, would know that if the recipient was using the data. Furthermore, multiple ATS's supplying the same content would result in an enormous amount of redundant data for the receiving firm. Thus, TMC suggests that the Board exempt institutional market professionals from the disclosure requirement.

Second, as with FINRA's 10-41, market participants were confused as to what would constitute "reasonably accessible to the market" information. G-47 (b)(iii) adds similar vagueness by not defining what these sources are. While we understand the concerns of the MSRB not wanting market participants to miss a relevant source, clearer definition of use such as a Google search, Yahoo Finance, or an approved third-party service would help eliminate the fog of regulation. Furthermore, for non-solicited transactions, in a market as granular as the municipal market, the client must have access to public sources to even know what CUSIP or name to place an order on. The requirement of the dealer to further disclose "reasonably accessible" information to a client placing unsolicited an order is unnecessary regulation given the ease of access to the internet.

Finally, as the proposed G-47 provides clarification of G-17, it might be beneficial to have the rule as a subsection as opposed to a completely new rule. As a subsection, participants would only have to view a single rule for clarity of fair dealing as opposed to having to cross-reference similar rules and their corresponding comments.

Thank you for giving us the opportunity to respond.

Sincerely,

Thomas S. Vales
Chief Executive Officer