

WILEY BROS.
AINTREE CAPITAL, LLC

40 BURTON HILLS BOULEVARD

September 20, 2022

NASHVILLE, TENNESSEE 37215

To : Municipal Securities Rulemaking Board

RE: : Request for Comment on Transaction Reporting Obligations under MSRB Rule G-14

On behalf of Wiley Bros.-Aintree Capital, thank you for the opportunity to respond to MSRB Notice 2022-07.

Founded in 1945, Wiley Bros.-Aintree Capital is a full-service broker-dealer, engaged extensively in the primary and secondary municipal bond markets. We work with small to medium size issuers as an underwriter for their municipal bond issues.

The proposed amendment to shorten the current 15-minute reporting period to "as soon as practicable, but no later than within one minute of the Time of Trade" will have a strong negative impact on smaller broker-dealers, as well as the clients and issuers that we service. There is no clear indication as to how such a shortened reporting time frame would benefit investors or increase market transparency. Due to the fact that most municipal securities are not traded on a daily basis, reducing the trade reporting period from 15 minutes to one minute would have limited impact on transparency.

In order to comply with one-minute reporting, small firms such as ours will need to assess whether the cost of automating or hiring additional support staff is financially feasible. Many firms will decide that the costs exceed the benefit and exit the market.

The shortening of the longstanding 15-minute time frame which Firms have to book and execute a transaction would be punitive to smaller broker dealers who do not have the volume of transactions to justify the expense of electronic platforms that provide an automated process. Our firm's process of taking orders, filling out trade tickets, and entering orders into the trade system is done manually, which takes more than a minute. In order for a small firm to comply with 1 minute reporting, we would be required to incur significant cost to invest in technology that would allow us to comply with the reporting requirement with no benefit to our clients. Additionally, if we have a trade in a bond that is not in the security master, our clearing firm will have to manually enter the information on the bond, which cannot be done with a one-minute timeframe. One-minute reporting is not feasible in a manual order execution and reporting process.

As a registered broker/dealer, we are required to make every effort to determine that the price at which we are executing is the Prevailing Market Price at any given time. Often obtaining best pricing for smaller transactions involves a manual process that does not lend itself well to automation. Reducing the reporting time will not have the anticipated impact on execution price or market liquidity; it will simply create additional challenges for small firms.

According to the statistics provided in this notice, 97.3% of trades are currently reported within 5 minutes. If the Board is simply seeking to reduce reporting time, 5 minutes would be a better alternative than the proposed 1-minute rule. With improved technology and increased support staff, I believe that most broker-dealers could make the transition to 5-minute reporting. If we move to a 1-minute reporting time, I believe that the overall costs and the reduction of liquidity associated with this change will more than offset any marginal benefits that may arise from "increased transparency".

The proposed rule will have the greatest negative impact on the retail clients and issuers served by smaller broker-dealers.

There will be a significant impact to small issuers if small firms are forced out of the market. Generally, large firms do not have a financial incentive to serve small municipalities. Moreover, the larger firms often lack the regional expertise necessary to serve these smaller issuers. Our firm specializes in the trading and underwriting of tax-exempt bonds on behalf of regional issuers. Like us, there are many other small firms that specialize in underwriting in their specific regions. These small firms, with regional expertise, are essential to the effective functioning of municipal bond markets.

In 2009 there were 1,967 MSRB-Registered dealers. That number has dropped every year and was last recorded as 1,125 in 2021. In the event that the one-minute rule is implemented, even more small firms will be forced out of the market, resulting in a reduction of market liquidity which will ultimately negatively impact investors and the municipal issuers that are served by these firms.

I appreciate the opportunity to provide comments and voice my opposition to this proposed rule change for a 15-minute reporting time to a 1-minute reporting time.

A handwritten signature in blue ink, appearing to read "Keener Billups".

Keener Billups

Managing Director

Municipal Bond Department

Wiley Bros. – Aintree Capital, LLC