

# Comment on Notice 2014-14

from loren Trigo,

on Wednesday, August 13, 2014

Comment:

I support all efforts undertaken by EMMA to publish as much bid ask and price information on municipal bonds as possible and in as timely manner as possible.

Not enough bid ask price information is available to be able to trade bonds at times when it is necessary to sell quickly to avoid losses. This dearth of information makes banks the only possible executor of distressed debt, leading to hefty transaction costs.

For instance on July 2, 3:39 of this year a client I know personally sold through a bank \$3,670,000 FV of cusip 745190MF2 (=66,727 units) @ \$55 /unit. At 5:03 another client bought those same bonds in two sets 2,670,000 and 1,000,000 @ \$56/unit. The intermediary, that is, the bank, got \$66,727 = \$1 spread x 66,727 units in transaction costs.

Why do these particular customers allow banks to skin them alive in this fashion? Because they have no option: Cusips like 745190MF2 are distressed debt sold under pressure. EMMA does not have enough bid ask info to be able to sell quickly under pressure to avoid losses so customers wind up being at the mercy of banks who can afford Bloomberg while their customers cannot.