

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-44894; File No. SR-MSRB-2001-06]

Self-Regulatory Organizations; Order Granting Approval of Proposed Rule Change by the Municipal Securities Rulemaking Board Relating to Reports of Sales and Purchases, Pursuant to Rule G-14

October 2, 2001.

On August 17, 2001, the Municipal Securities Rulemaking Board ("MSRB") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to establish an informational service relating to the reports of sales and purchases provided by Rule G-14. The proposed rule change will create a Daily Comprehensive Report from transaction information supplied under Rule G-14.

The proposed rule change was published for the comment in the *Federal Register* on August 31, 2001.³ The Commission received no comments on the proposal. This order approves the proposal.

In its current form, Rule G-14 requires dealers to report essentially all inter-dealer and customer transactions in municipal securities to the MSRB by midnight of the trade date. In May 2001, the MSRB announced its plan to begin reporting trades in "real time" by mid-2003.⁴ The dissemination of a Daily Comprehensive Report is the MSRB's next step towards an increase in market transparency.

The MSRB's proposed Daily Comprehensive Report is comprised of the information reported by brokers, dealers and municipal securities dealers, which provides a detailed report of municipal securities transactions effected during a single day. The trade data supplied in the proposed Daily Comprehensive Report shall be similar to that currently supplied in the monthly Comprehensive Transaction Report except that the information is to be available daily. For each trade, the proposed Daily Comprehensive Report will show the trade date, the CUSIP number of the issue traded, a short issue description, the par value traded, the time of trade

reported by the dealer, the price of the transaction, and, if any, the dealer-reported yield of the transaction. Each transaction shall be categorized as: a sale by a dealer to a customer, a purchase from a customer, or an inter-dealer trade. Each day's report shall include the transactions effected two weeks previously. The proposed Daily Comprehensive Report is to be available through a subscription service with electronic delivery by File Transfer Protocol (FTP) via the Internet.

The MSRB shall establish an annual subscription fee for access to the Daily Comprehensive Report in the amount of \$2,000. The proposed annual fee is structured approximately to defray the Board's costs for production of daily data sets, operation of telecommunication lines, and subscription maintenance.⁵ Prior to formalizing a subscription, MSRB shall make a single day's transactional data available to prospective users without charge, so that they may determine whether they wish to subscribe.

The Commission believes the proposed rule change to Rule G-14 is consistent with the protection of investors and the public interest on account that it facilitates the MSRB's long-standing policy to increase price transparency in the municipal securities market. Both MSRB and the Commission believe the proposed Daily Comprehensive Report provides a mechanism to disseminate comprehensive and contemporaneous pricing data with the intent to promote just and equitable principles of trade and foster an open market in municipal securities. Additionally, the Commission believes that the proposed rule change will not impose any burden on competition, since it equally applies to all brokers, dealers and municipal securities dealers.

The Commission must approve a proposed MSRB rule change if the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder that govern the MSRB.⁶ The Commission finds that the proposed rule change meets this standard. In particular, the Commission finds that the proposed rule is consistent with the requirements of

Section 15B(b)(2)(C) of the Act,⁷ which requires, that the MSRB's rules be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national system, and, in general, to protect investors and the public interest.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,⁸ that the proposed rule change (File No. MSRB-2001-06) be, and hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁹

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-44893; File No. SR-Phlx-2001-85]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Relating to the Elimination of Equity Option Transaction Charges for Facilitation Transactions

October 2, 2001.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on August 31, 2001, the Philadelphia Stock Exchange, Inc. ("Phlx" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Phlx. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Phlx proposes to amend its schedule of dues, fees, and charges to eliminate its equity option transaction

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Release No. 34-44735 (August 22, 2001), 66 FR 46045.

⁴ See "Real-Time Reporting of Municipal Securities Transactions," *MSRB Reports*, Vol. 21, No. 2 (July 2001) at 31-36.

⁵ The subscription fee for the current monthly report is also \$2,000 annually. Subscribers to the monthly report who prefer the fresher data of the proposed Daily Comprehensive Report will have the option to switch subscriptions to the latter.

⁶ In approving this proposed rule change, the Commission notes that it has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

⁷ 15 U.S.C. 78o-4(b)(2)(C).

⁸ 15 U.S.C. 78s(b)(2).

⁹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.