



# Washington Update



## MSRB RELEASES MUNI MARKET PRICING REPORT

The Municipal Securities Rulemaking Board has released a report on municipal market trading patterns, associated pricing and the effect of price transparency on pricing. The report provides statistics about municipal bond trading to enable market stakeholders and the MSRB to make further advancements toward a fairer, more efficient and more transparent municipal securities market. “This report provides a highly detailed benchmark analysis on secondary market trading from the MSRB, supports the use of data in its oversight of the market and encourages further analysis by others into the intricacies of municipal market trading,” said MSRB Executive Director Lynnette Kelly. The MSRB’s Report, entitled “Secondary Market Trading in the Municipal Securities Market,” describes the overall effect on pricing of different patterns related to the movement of municipal bonds through the marketplace between and among investors through dealer intermediaries.

The full report can be found at [www.msrb.org/msrb1/pdfs/MSRB-Report-on-Secondary-Market-Trading-in-the-Municipal-Securities-Market.pdf](http://www.msrb.org/msrb1/pdfs/MSRB-Report-on-Secondary-Market-Trading-in-the-Municipal-Securities-Market.pdf).

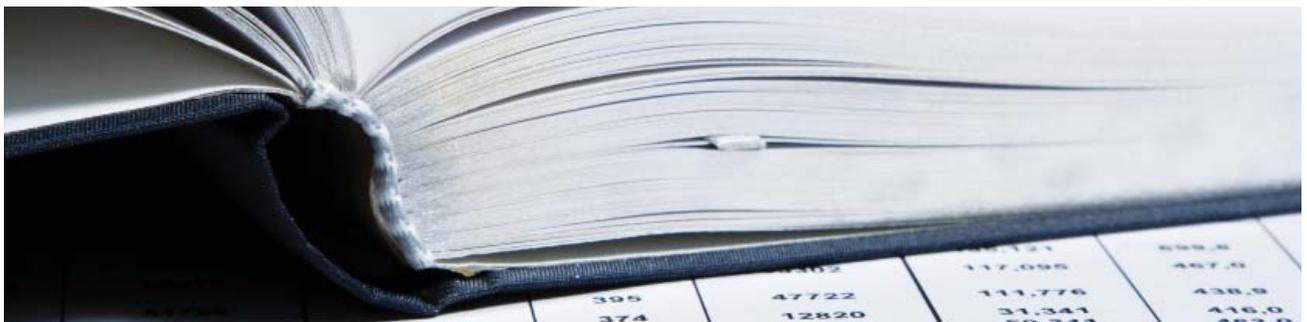
## SEC MONEY MARKET FUND MEETING SET

The U.S. Securities and Exchange Commission has announced that it will hold an open meeting on July 23 at 10:00 a.m. to consider whether to adopt amendments to certain rules that govern the operation of money market funds. The SEC will also consider whether to issue a related notice of proposed exemptive relief. In addition, the SEC will consider whether to re-propose amendments to the principal rule that governs the operation of money market funds to address provisions that reference credit ratings and will propose an amendment to the diversification provisions in that rule.

## SEC FINES E&Y OVER AUDITOR INDEPENDENCE RULES

Last week the SEC charged Ernst & Young LLP with violations of auditor independence rules that require firms to maintain their objectivity and impartiality with clients. The SEC found that an Ernst & Young subsidiary lobbied congressional staff on behalf of two audit clients. Such lobbying activities were impermissible under the SEC’s auditor independence rules because they put the firm in the position of being an advocate for those audit clients. Despite providing the prohibited legislative advisory services on behalf of the clients, Ernst & Young repeatedly represented that it was “independent” in audit reports issued on the clients’ financial statements. Ernst & Young agreed to pay more than \$4 million to settle the charges.

A July 14 SEC press release on the matter can be found at [www.sec.gov/News/Page/List/Page/1356125649507](http://www.sec.gov/News/Page/List/Page/1356125649507).



## PRESIDENT INTRODUCES BUILDING AMERICA INITIATIVE

Last Thursday, President Barack Obama signed a Presidential Memorandum to launch the Build America Investment Initiative, a government-wide initiative to increase infrastructure investment and economic growth by engaging with state and local governments and private sector investors to encourage collaboration, expand the market for public-private partnerships, and put federal credit programs to greater use.

As part of the initiative, the Administration is launching the Build America Transportation Investment Center, which will be housed at the Department of Transportation. This center will serve as a one-stop shop for state and local governments, public and private developers and investors seeking to utilize innovative financing strategies for transportation infrastructure projects.

In addition, to expand and increase private investment and collaboration in infrastructure beyond the transportation sector, a federal inter-agency working group called the Build America Interagency Working Group will work with state and local governments, project developers, investors and others to address barriers to private investments and partnerships in areas including municipal water, ports, harbors, broadband, and the electrical grid. The effort will include a particular focus on improving coordination to accelerate financing and completion of projects of regional and national significance, particularly those that cross state boundaries.

The President also announced the Infrastructure Investment Summit, to be hosted by the Treasury Department on September 9, 2014. This session will bring together leading project developers and institutional investors with state and local officials and their federal counterparts and will focus on innovative financing approaches to infrastructure and highlight other resources that support project development.

The Presidential memorandum can be viewed at [www.whitehouse.gov/the-press-office/2014/07/17/presidential-memorandum-expanding-public-private-collaboration-infrastru](http://www.whitehouse.gov/the-press-office/2014/07/17/presidential-memorandum-expanding-public-private-collaboration-infrastru).

## THE WEEK AHEAD: BALANCED BUDGETS AND ACA TAX CREDITS

- On Wednesday, the House Ways and Means Oversight Subcommittee will hold a hearing on the integrity of the administration of the Affordable Care Act's Premium Tax Credit. The ACA created tax credits and cost sharing subsidies for certain individuals purchasing health insurance through insurance exchanges. Subcommittee Chairman Charles Boustany (R-LA) said:

"In recent years this subcommittee has examined fraud, waste, and abuse in the execution of existing programs, such as the Earned Income Tax Credit. We know that the federal government wastes tens of billions of dollars each year in improper payments – what we don't know is how much more will be wasted under Obama Care's new federal subsidies. We look forward to hearing from GAO and examining what is happening now that the subsidies are going out the door."

The Government Accountability Office will be the only witness at the hearing <http://waysandmeans.house.gov/calendar/>.

- On Thursday, the House Judiciary Committee will hold a hearing entitled "Constitutional Solutions to our Escalating National Debt: Examining Balanced Budget Amendments:"

<http://judiciary.house.gov/index.cfm/hearings?ID=61C6BF80-1FBD-4074-A700-5580B978501E>

### WASHINGTON STAFF

CORNELIA CHEBINOU  
*Washington Director*  
[cchebinou@nasact.org](mailto:cchebinou@nasact.org)

NEAL HUTCHKO  
*Policy Analyst*  
[nhutchko@nasact.org](mailto:nhutchko@nasact.org)

TANYA GRAYSON  
*Administrative Assistant*  
[tgrayson@nasact.org](mailto:tgrayson@nasact.org)

National Association of State  
Auditors, Comptrollers and Treasurers

### HEADQUARTERS OFFICE

449 Lewis Hargett Circle, Suite 290  
Lexington, KY 40503-3590  
P (859) 276-1147, F (859) 278-0507

### WASHINGTON OFFICE

444 N. Capitol Street, NW, Suite 234  
Washington, DC 20001  
P (202) 624-5451, F (202) 624-5473

[www.nasact.org](http://www.nasact.org)

For more information on this newsletter's content, contact Cornelia Chebinou at [cchebinou@nasact.org](mailto:cchebinou@nasact.org) or (202) 624-5451.

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