

Rule G-14: Reports of Sales or Purchases

(a) – (b) No change.

Rule G-14 RTRS Procedures

(a) No change.

(b) *Reporting Requirements for Specific Types of Transactions.*

(i) – (iii) No change.

(iv) *Transactions with Special Conditions.* Reports of transactions affected by the special conditions described in the RTRS Users Manual in Section 4.3.2 of the Specifications for Real-Time Reporting of Municipal Securities Transactions shall be reported with the "special condition indicators" shown and in the manner specified. Special condition indicators designated as "optional" in these Specifications are required for the Submitter to obtain an extended reporting deadline under paragraphs (a)(ii)(B)-(C) of Rule G-14 RTRS Procedures, but may be omitted if a deadline extension is not claimed. All other special condition indicators are mandatory, including the List Offering Price/Takedown Transaction indicator for transactions identified in paragraph (a)(ii)(A) of Rule G-14 RTRS Procedures, alternative trading system transaction indicator for transactions defined in paragraph (d)(ix) of Rule G-14 RTRS Procedures, and non-transaction-based compensation arrangement indicator for transactions defined in paragraph (d)(x) of Rule G-14 RTRS Procedures.

(c) No change.

(d) *Definitions.*

(i) – (vi) No change.

(vii) "List Offering Price/Takedown Transaction" means a primary market sale transaction executed on the first day of trading of a new issue:

(A) by a sole underwriter, syndicate manager, syndicate member, [or] selling group member, or distribution participant to a customer at the published list offering price for the security ("List Offering Price Transaction"); or

(B) by a sole underwriter or syndicate manager to a syndicate member, [or]selling group member, or distribution participant [at a discount from the published list offering price for the security] ("RTRS Takedown Transaction").

(viii) "Distribution participant" means for the purposes of this rule a dealer that has agreed to assist an underwriter in selling a new issue at the list offering price.

(ix) “Alternative trading system transaction” means for the purposes of this rule an inter-dealer transaction with or executed using the services of an alternative trading system with Form ATS on file with the Securities and Exchange Commission.

(x) “Non-transaction-based compensation arrangement transaction” means for the purposes of this rule a transaction with a customer that does not include a mark-up, mark-down or commission.

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RTRS Facility

No change.

Price Dissemination by RTRS

Description of Service. Real-time price data is available by subscription, after subscribers sign an agreement regarding re-dissemination. During the RTRS Business Day, price data is disseminated in real time, immediately after receipt. Modifications and cancellations submitted by dealers that apply to earlier trade submissions are also disseminated in real time.

In addition to real-time reports, the MSRB provides reports each morning covering the previous day’s trades (T+1 reports), as well as daily reports covering all trades done on the trading day one week earlier (T+5 reports), and monthly reports covering all trades done during the previous month.

Trades to be Disseminated. During the RTRS Business Day, the MSRB disseminates data on all transactions as soon as it is received, except for two types of dealer submissions. The exceptions, which are stored in the surveillance database but not disseminated in real-time, are trades marked by the dealer as having prices other than market prices, using a Special Condition Code,¹⁵ and reports of “inter-dealer regulatory-only” transactions. These have already been described.

List of Information Items to be Disseminated. The specific items disseminated by RTRS for price transparency purposes are:

- CUSIP number and description of the issue traded;
- Par value of the transaction if five million dollars or under; otherwise reported as “MM+”;
- Dollar price;
- Yield (for inter-dealer and customer new issue transactions done on a yield basis, and for all inter-dealer and customer transactions in non-defaulted securities when the yield can be computed from dollar price);
- Date and time of trade;
- Whether the transaction was a (i) purchase from a customer; (ii) sale to a customer; or (iii) inter-dealer transaction;
- Indicator that an inter-dealer transaction was done by a broker’s broker, and if so, the broker’s broker role as buyer or seller;
- When-issued indicator, if any;

- [Syndicate]List price indicator, if any;
- Takedown transaction indicator, if any;
- Assumed settlement date, if initial settlement date is not known at time of trade;
- Indicator that dollar price was computed by MSRB using an estimated settlement date for an issue on which the initial settlement date has not been set;
- Indicator that a trade was done at the weighted average price of trades done earlier in the day;
- Alternative trading system transaction indicator, if any;
- Non-transaction-based compensation arrangement transaction indicator, if any;
- Modification/Cancellation indicator, if any;
- RTRS broadcast time, date and sequential trade message number; and
- RTRS Control Number.

Transactions Done During RTRS Business Day. As noted, dealers are required, with limited exceptions, to report within 15 minutes of the time of trade all transactions done during the RTRS Business Day. Trade submissions made during the RTRS Business Day are disseminated within a few minutes of receipt.

Dissemination of Compared or Uncompared Inter-Dealer Trades. Unless the trade report contains errors or is subject to an exception, transactions reported by dealers during the RTRS Business Day are disseminated within a few minutes after receipt at the designated RTRS Portal. Dissemination of inter-dealer price information occurs only after comparison is achieved on the trade, as done in the former system. Comparison of the inter-dealer trade ensures the reliability of the data that was submitted, since the buyer's and the seller's details are matched. However, RTRS was designed with the flexibility to disseminate uncompared inter-dealer transaction data if it is found that a substantial proportion of trades take longer than 15 minutes to be compared.¹⁶

Transactions Done Outside the RTRS Business Day. Dealers are required to report transactions done outside of the RTRS Business Day, but are not required to do so on a real-time basis. Instead, trades are required to be reported within the first 15 minutes of the next RTRS Business Day, at which time they would be disseminated.

Late Trade Reports and Trade Data Modifications. Trades that are not reported within the timeframe set by Rule G-14 would be considered late. Late trade reports and trade modifications are disseminated by RTRS as soon as received if they are submitted during the RTRS Business Day and at the start of the next Business Day otherwise.

Broker's Broker Indicator. Trades by broker's brokers are marked as such on disseminated trade reports and the buy/sell indicator shows whether the broker's broker was buying or selling. Because broker's broker trades occur in matched pairs that, in market terms, many observers view as representing one movement of securities between two dealers, the Board believes it is helpful to RTRS data users if broker's broker trades are identified as such in trade reports.

¹⁵ In an inter-dealer trade, if either dealer indicates the trade was done at a special price, RTRS considers the entire trade to be a special price trade.

¹⁶ Unlike inter-dealer transactions, which have two submissions (both a buy side and a sell side) that must be compared, customer trades, which comprise approximately 80% of all reported trades, do not require comparison and are disseminated as soon as automated error checks are completed.

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MSRB Real-Time Transaction Data Subscription Service

The MSRB disseminates municipal securities transaction prices in real-time through its Real-Time Transaction Data Subscription Service ("Service"). The Service is available by subscription for an annual fee of \$11,000 and is a part of the MSRB's Real-Time Transaction Reporting System ("RTRS").

Description

The Service is available by subscription and provides a real-time stream of data representing municipal securities transaction reports made by brokers, dealers and municipal securities dealers ("dealers") to RTRS.¹ After receipt of a trade report from a dealer, RTRS will automatically check the report for errors, ensure that it is a valid trade report for dissemination, appropriately format the report, and make it available for immediate electronic transmittal to each subscriber.²

The real-time data stream is in the form of messages and will be available either over the Internet or by leased line, at the subscriber's option.³ The subscriber must use either the MQ Series⁴ or a TCP Socket connection for messaging with RTRS. Messages representing trade reports are sent out by the Service based on the order that they are received at RTRS, *i.e.*, on a "first in-first out" basis.⁵ The Service also offers a "Day Replay" file containing all messages sent during the day, in case a subscriber needs to check its records for completeness of recovery from communication breaks.⁶

Hours of Operation. The "RTRS Business Day," during which time dealers are required by Rule G-14 to submit trade reports within 15 minutes of execution, begins at 7:30 a.m. and ends at 6:30 p.m.⁷ However, RTRS will actually accept, and the Service will disseminate, any trade reports received between 6:00 a.m. and 9:00 p.m. ("RTRS 'Window' Hours").⁸ Transaction reports submitted to RTRS after 9:00 p.m. will not be processed by RTRS but will be pended for processing and dissemination at 6:00 a.m. the next business day.⁹

Transaction Data Disseminated. The data contained in each transaction price report sent to subscribers is discussed in detail in the RTRS filing.¹⁰ It includes the same transaction information previously disseminated in the MSRB's existing overnight batch system of transaction reporting, with additional data elements that were added for real-time transaction reporting. The specific items of information that are disseminated are:

Message Type

Type of message sent in the real-time broadcast (*i.e.*, a trade message, a “heartbeat” message or a system message). Heartbeat messages are sent once every 60 seconds in the absence of real-time transaction messages to indicate that the connection is working properly but that there are no messages to send. System messages are sent to indicate the daily open and close of the RTRS real-time subscriber service and to notify subscribers if publishing will be intentionally interrupted during system hours (*e.g.*, the markets have been closed because of extraordinary circumstances).

Sequential Number

Unique sequential number of the trade message. If more than one message has been published for a trade due to modification or cancellation, the trade is uniquely identified by the RTRS ID described below.

RTRS Control Number

The RTRS ID for the transaction. This may be used to apply subsequent modifications and cancellations to an initial transaction.

Trade Type Indicator

Type of trade: an inter-dealer trade, a purchase from a customer by a dealer, or a sale to a customer by a dealer.

Transaction Type Indicator

An indicator showing whether the message is a new transaction, or modifies or cancels a previously disseminated transaction.

CUSIP

The CUSIP number of the issue traded.

Security Description

Text description of the security obtained from the CUSIP Service Bureau.

Dated Date

Dated date of the issue traded obtained from the CUSIP Service Bureau.

Coupon (if available)

Interest rate of the issue traded (blank for zero-coupon bonds) obtained from the CUSIP Service Bureau.

Maturity Date

Maturity date of the issue traded obtained from the CUSIP Service Bureau.

When-Issued Indicator (if applicable)

Indicates whether the issue traded on or before the issue's initial settlement date obtained from Standard and Poor's.

Assumed Settlement Date (if applicable)

For new issues where the initial settlement date is not known at the time of execution, this field is a date 15 business days after trade date. If this field is populated there will be no data in the settlement date field.

Trade Date

The date the trade was executed as reported by the dealer.

Time of Trade

The time of trade execution as reported by the dealer.

Settlement Date (if known)

The settlement date of the trade if reported by the dealer will be shown. If this field is populated there will be no data in assumed settlement date field.

Par Traded

The par value of the trade as reported by the dealer will be shown. Trades with a par amount over \$5 million will show par value as "MM+" until five days after the stated trade date.

Dollar Price

For customer trades, the dollar price of the trade will be shown, as reported by the dealer. [RTRS calculates a dollar price from yield for customer trades to verify the accuracy of the reported information and indicates those trades for which RTRS is not able to verify this information. For inter-dealer trades, the dollar price shown will be as reported by the dealer; however, if the dollar prices reported by both dealers that are party to the trade differs, the dollar price shown will be calculated by the MSRB from the final monies, par value and accrued interest reported for the trade.]

Yield (if applicable)

[For customer trades, this field shows the yield of the trade as reported by the dealer. This normally is the same yield that would appear on a confirmation of the trade. For some customer trades (e.g., trades of defaulted securities, certain securities with variable interest rates) a yield cannot be reported by the dealer. On] For customer and inter-dealer trades, yield is [not generally reported by the dealer and is] calculated by RTRS [for inter-dealer transactions in non-defaulted securities] when yield can be computed from dollar price.

Broker's Broker Indicator (if applicable)

An indicator used in inter-dealer transactions that were executed by a broker's broker, including whether it was a purchase or sale by the broker's broker.

Weighted Price Indicator (if applicable)

An indicator that the transaction price was a "weighted average price" based on multiple transactions done at different prices earlier in the day to accumulate the par amount needed to execute an order for a customer.

[Syndicate] List Price Indicator (if applicable)

An indicator showing that the transaction price was reported as a trade in a new issue by a sole underwriter, syndicate manager, [or] syndicate member, selling group member or distribution participant to a customer at the list offering price on the first day of trading.

Takedown Transaction Indicator (if applicable)

An indicator showing that the transaction was by a sole underwriter or syndicate manager to a syndicate member, selling group member, or distribution participant on the first day of trading.

Alternative Trading System Transaction Indicator (if applicable)

An indicator showing that the transaction was executed with or using the services of an alternative trading system.

Non-Transaction-Based Compensation Arrangement Transaction indicator (if applicable)

An indicator showing that a customer transaction did not include a mark-up, mark-down or commission.

RTRS Broadcast Date

The date the message was published to subscribers.

RTRS Broadcast Time

The time the message was first disseminated to subscribers.

Version Number

Version number of the message or file format used in the message or file.

Subscription Fee.

No change.

MSRB Comprehensive Transaction Data Subscription Service

No change.

¹ Modifications and cancellation messages submitted by dealers will also be disseminated in realtime.

² The MSRB anticipates that, during peak traffic periods, these automated functions will be accomplished within two minutes, and during lighter periods will be accomplished within a few seconds.

Certain trade reports made by dealers, which are coded by the dealers to indicate that the trade is for a specific reason not done at a market price, will not be disseminated but will be available to regulators as part of the surveillance function offered by RTRS. Certain other types of “transactions” that are required to be reported exclusively for audit trail purposes (relating to clearing brokers and their correspondents in certain fully-disclosed clearing arrangements where the correspondent does not take a principal position) also will not be disseminated but will be available to regulators.

³ Subscribers will be responsible for all telecommunications charges for leased lines.

⁴ To receive real-time trade messages via MQ Series, subscribers must license and configure their own MQ software.

⁵ If a subscriber detects that a message or a series of messages was missed during the day, the subscriber can request a trade message replay or “snapshot.”

⁶ The MSRB also maintains a hot-site from which it will provide real-time feed subscribers with a second source for the feed in the event that it can no longer be broadcast from the RTRS primary site.

⁷ All times given are in Eastern Time.

⁸ The RTRS “window” hours provide extra time before the Business Day and after the Business Day for dealers that may need to report late trades or correct mistakes that are discovered after the close of the Business Day. The 9:00 p.m. closing time for the window is intended to allow time for certain kinds of trades that, pursuant to Rule G-14, are permitted to be reported at the “end of day” for operational reasons (*e.g.*, syndicate trades executed at list price). These can be reported up until 9:00 p.m. when the RTRS “window” closes.

⁹ In addition, at 6:00 a.m. RTRS will send modifications showing exact par values for transactions that were initially broadcast with a par value of “MM+.” As described in the RTRS filing, because of concerns regarding liquidity, transactions with a par value exceeding \$5 million will initially be disseminated with a par value of “MM+.” Five business days after trade date, the actual par value will be shown.

¹⁰ File No. SR-MSRB-2004-02 (June 1, 2004); *see also* “Real-Time Transaction Reporting: Notice of Filing of Proposed Rule Change to Rules G-14 and G-12(f),” MSRB Notice 2004-13 (June 1, 2004) at www.msrb.org. The SEC approved this filing on August 31, 2004, in Securities

Exchange Act Release No. 50294; *see also* “Approval by the SEC of Real-Time Transaction Reporting and Price Dissemination,” MSRB Notice 2004-29 (Sept. 2, 2004), at www.msrb.org.