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Specifications for Real-time Reporting of Municipal Securities Transactions

Red-line of Version 1.2.1

Municipal Securities Rulemaking Board

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SPECIFICATIONS FOR REAL-TIME REPORTING OF MUNICIPAL SECURITIES TRANSACTIONS

PREFACE

Unchanged. See original document for text.

1. INTRODUCTION TO REAL-TIME TRADE REPORTING

Unchanged.

1.1 Message-Based and Web-Based Data

Unchanged.

1.2 Business Rules for Regulatory Reporting

Unchanged.

1.2.1 Issues that Must be Reported

Unchanged.

1.2.2 Deadlines for Reporting

As described in the Preface to this specification, trades in municipal securities will be required to be reported to RTRS within 15 minutes of the time of trade, with the following exceptions:

- ~~• Syndicate managers and syndicate members that effect trades in new issues at the List Offering Price may report such trades by the end of the first day of trading in the issue.~~
- Dealers may report primary market sale transactions executed on the first day of trading in a new issue by (A) a sole underwriter, syndicate manager, syndicate member, or selling group member at the published list offering price¹ for the security (“List Offering Price Transaction”); or (B) a sole underwriter or syndicate manager to a syndicate or selling group member at a discount from the published list offering price for the security (“RTRS Takedown Transaction”) by the end of the day in which the trades are effected.

¹ The List Offering Price is the publicly announced “initial offering price” at which a new issue of municipal securities is to be offered to the public. If the price is not publicly disseminated in a “scale” for the issue (e.g., if the security is a “not reoffered” maturity within a serial issue), the price is not a List Offering Price.

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- On a temporary basis, a dealer may report trades within three hours of the time of trade if the CUSIP number and indicative data of the issue traded are not in the dealer's securities master file, the dealer has not traded the issue in the previous year, and the dealer is not a syndicate manager or syndicate member for the issue. This provision will cease to be effective on December 31, 2007 for when, as and if issued transactions and December 29, 2006 for all other transactions.
- Dealers may report trades in short-term instruments under nine months in effective maturity (including variable rate instruments, auction rate products, and commercial paper) by the end of the day in which the trades are effected.

Refer to section 4.3.2 for details on how to indicate to the MSRB that a trade is eligible for an exception to the 15-minute reporting requirement. Trade reports must be coded with an appropriate Special Condition Indicator to receive an exception to the 15-minute reporting requirement.

1.2.3 Trading Capacity

Unchanged.

1.3 New Procedures

Unchanged.

2. INTERACTIVE MESSAGE GUIDELINES

Unchanged.

3. COMMUNICATIONS OVERVIEW

Unchanged.

4. MESSAGE SPECIFICATIONS

Unchanged.

4.1 Message Format Guidelines

Unchanged.



4.2 MT515 Message

Unchanged.

4.3 Explanation of Selected Fields

4.3.1 Dollar Price, Yield, Accrued Interest and Settlement Amount

Unchanged.

4.3.2 Other Fields

Sender

Unchanged.

Header Fields: Other

Unchanged.

Trade Transaction Type Indicator

Unchanged.

Reference

Unchanged.

Processing Indicator

Unchanged.

Trade Instruction Processing Narrative

All fields unchanged except the following.

SPXR – Special Condition Indicator.

A Special Condition Indicator (previously called Special Price Reason Code) is used in reports to indicate (A) that the trade is eligible for an exception to the 15-minute reporting deadline; or (B) that the trade is effected at a price that is away from the market price at the time of the trade’s execution. Since these conditions may apply independently of one another, a different position within the four-character code is used to indicate each condition.

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The Special Condition Indicator is formatted as Mcc0, where the first character is “M” (reserved for future use), the last character is “0” (reserved for future use), and the second and third characters “c” are integers that indicate the conditions above. See Appendix C.2 for all valid values of this code.

If two exceptions to the 15-minute reporting deadline apply, use the longer exception. For example, if the CUSIP is not in the dealer’s security master file (Three-Hour Exception) and is a variable rate product (End-of-Day Short-Term Instrument Exception), then the report is due at the end of the day. If the trade has neither a deadline exception nor a special price, omit the Special Condition Indicator.

A List Offering Price/Takedown Transaction in a short-term instrument (i.e. qualifying for both “Mc20” and “Mc30” as shown in (A) below) should be coded using the List Offering Price/Takedown indicator (“Mc20”) rather than the Short-Term Instrument Special Condition Indicator (“Mc30”). Similarly, if a List Offering Price/Takedown Transaction also qualifies for the Three-Hour Exception (“Mc10”), the transaction should be coded with the List Offering Price/Takedown Special Condition Indicator (“Mc20”).

(A) Trades Eligible for an Exception to the 15-minute Reporting Requirement

If the trade is eligible for an exception to the 15-minute reporting requirement, indicate the deadline using the third character of the Special Condition Indicator. (Business rules for reporting deadlines are described above, section 1.2.2.).

- 0: Trade executed away from market price, but with no exception to the 15-minute reporting deadline. Example: M100.
- 1: 3-hour deadline applies – use indicator if the following three conditions apply: (1) data not in the securities master file used by the dealer, (2) dealer has not traded the issue in the previous year, and (3) the dealer is not a syndicate manager or syndicate member for the issue. Example: M010.

Note: This exception to the 15-minute reporting deadline will cease to be effective on December 31, 2007 for when, as and if issued transactions and December 29, 2006 for all other transactions.

- 2: End-of-day deadline applies – List Offering Price/Takedown Transaction as defined in section 1.2.2. Example: M020.

Note: This indicator is mandatory for the sell-side report even if the reporting deadline exception is not claimed. This indicator is optional for the buy-side report, and is used to claim the reporting deadline exception.

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- 3: End-of-day deadline applies – trade in short-term instrument under nine months in effective maturity, including variable rate instruments, auction rate products, and commercial paper. Example: M030.

(B) Trades with Special Pricing Conditions

If the trade was done at a price away from the market price or if the bond was traded flat, indicate the reason using the second character of the Special Condition Indicator.

- 0: Trade not executed away from market price, but eligible for an exception to the 15-minute reporting requirement. Example: M010.

- 1: Bond was traded flat. Example: M110.

Note: This indicator is mandatory if the bond was traded flat.

- 2: Away from market price (extraordinary settlement). Example: M210.

Note: This indicator is mandatory if the following condition applies: the price differs substantially from the market price because settlement was (a) for regular-way trades, other than T+3, or (b) for new issue trades, other than the initial settlement date of the issue. This indicator is not to be used for new issue, extended settlement or cash/next-day trades at the market price.

- 3: Conditional Trading Commitment Transaction. Example: M310.

Note: This indicator is mandatory if the transaction is executed based upon a priced trading commitment made prior to the Time of Formal Award for a new issue.

- 9: Away from market price (other reason). Example: M910.

Note: This indicator is mandatory if the transaction price differs substantially from the market price for a reason that is not covered by another Special Price Indicator. Do not use this indicator value “9” for trades at the market price.

4.4 MT509 Message

Unchanged.

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Appendix A: Examples of Data Flows for Regulatory Reporting

This section remains unchanged. See original document for text.

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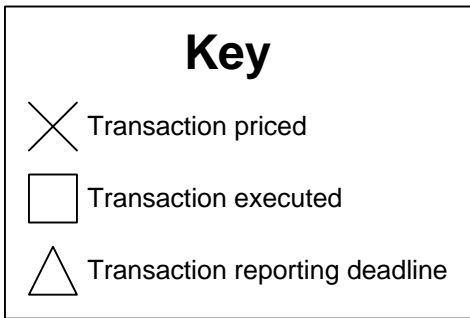


Appendix B:
Use of Special Condition Indicators for Certain New
Issue Transactions



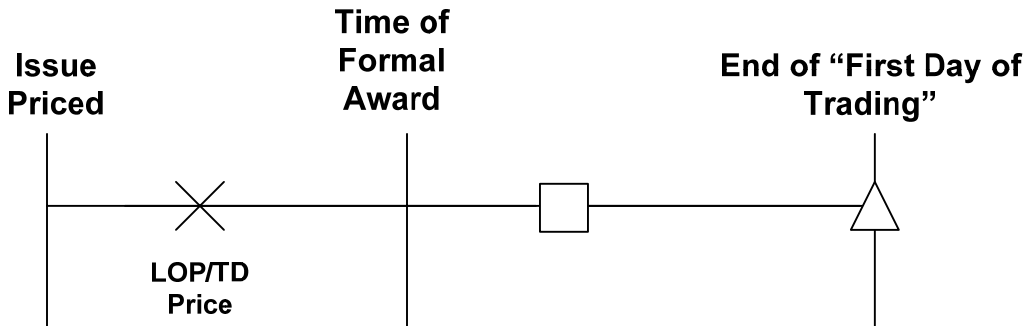
APPENDIX B.1: UNDERWRITING TIMELINE SCENARIOS

The following scenarios show which Special Condition Indicator to use for certain new issue transactions. Note that these scenarios assume that the transaction is not eligible for the Three-Hour Exception or for the Short-Term Instruments exception, as defined in section 1.2.2. All scenarios assume the same time of trade. For further details on using the Special Condition Indicator, see section 4.3.2.



Scenario A

The transaction is a Conditional Trading Commitment and a List Offering Price/Takedown Transaction.



The transaction report must include the 'M320' Special Condition Indicator to designate the transaction as a Conditional Trading Commitment and a List Offering Price/Takedown Transaction. The transaction report will qualify for an end-of-day exception if the 'M320' Special Condition Indicator is included on the report.

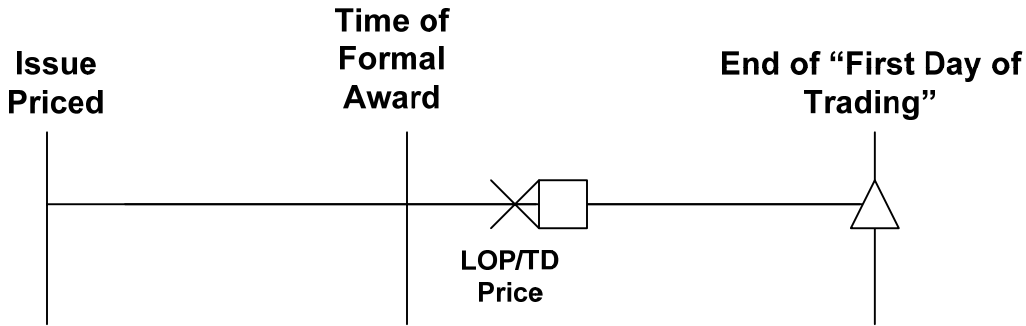
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Scenario B

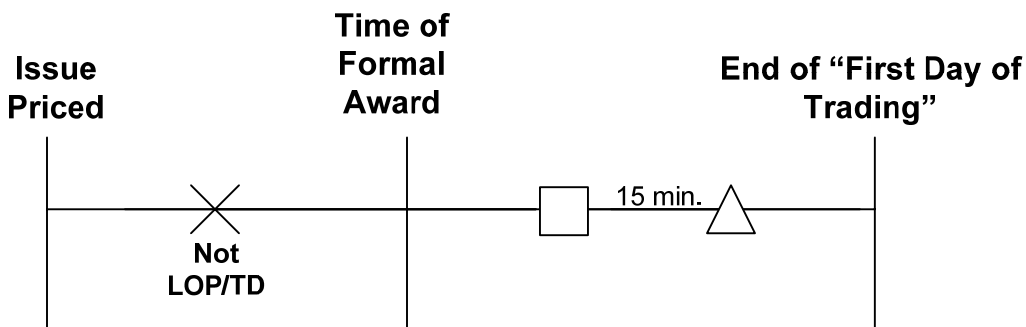
The Transaction is a List Offering Price/Takedown Transaction.



The transaction report must include the 'Mc20' Special Condition Indicator to designate the transaction as a List Offering Price/Takedown Transaction. The transaction report will qualify for an end-of-day exception to the 15-minute reporting deadline if the 'Mc20' Special Condition Indicator is included on the report.

Scenario C

The Transaction is a Conditional Trading Commitment.



The transaction report must include the 'M3c0' Special Condition Indicator to designate the transaction as a Conditional Trading Commitment. The transaction does not qualify for the end-of-day exception to the 15-minute reporting deadline for List Offering Price/Takedown Transactions.

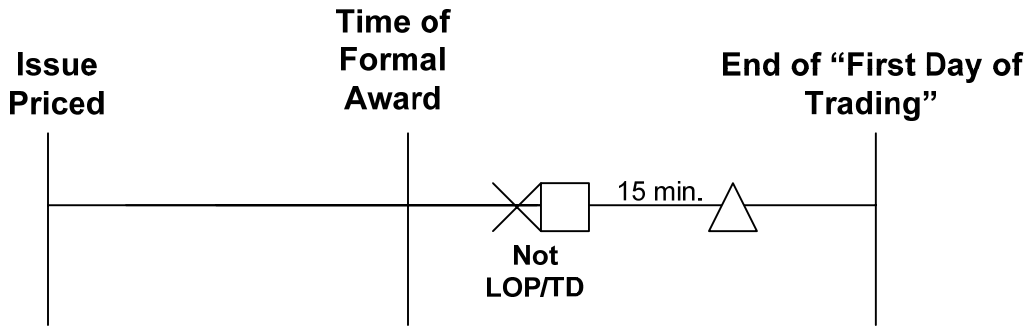
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Scenario D

The transaction is not a Conditional Trading Commitment, nor is it a List Offering Price/Takedown Transaction.



The transaction report should not include either the Conditional Trading Commitment Special Condition Indicator ('M3c0') or the List Offering Price/Takedown Transaction Special Condition Indicator ('Mc2'). The transaction does not qualify for the end-of-day exception to the 15-minute reporting deadline for List Offering Price/Takedown Transactions.

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Appendix C: Code Tables

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APPENDIX C.1: RTRS ERROR CODES

Unchanged.

APPENDIX C.2: OTHER RTRS CODE TABLES

Special Condition Indicator (Previously Called Special Price Reason Code)

The following chart displays all valid Special Condition Indicators. The conditions in the rows indicate a trade that is eligible for an exception to the 15-minute reporting deadline (the third character of the Special Condition Indicator). The conditions in the columns indicate a trade effected with certain special pricing conditions (the second character of the Special Condition Indicator).

	No Special Price	Flat	Away from Market - Extraordinary Settlement	Conditional Trading Commitment	Away from Market - Other Reason
15 Minute Reporting		M100	M200	M300	M900
Not in Security Master (3 Hr)	M010	M110	M210	M310	M910
LOP/TD Transaction (EOD)	M020			M320	
Short Term (EOD)	M030	M130	M230	M330	M930

- Mcc0 Mandatory for Both Sides – If Conditions Apply, Must be Included on Report
- Mcc0 Mandatory for Sell Side – Optional for Buy Side
- Mcc0 Optional for Both Sides – Use to Claim Exception to 15-minute Deadline
- Invalid – No Code Available

The indicators highlighted in light grey must be included by both parties to a trade if the condition applies. The indicators highlighted in dark grey must be included in a trade report by the sell-side to a trade if the condition applies, and the codes with no highlighting are optional to both sides of a trade and are used only to claim an exception to the 15-minute deadline. Note that the indicators highlighted in dark grey may be used by the buy-side to a trade to claim an exception to the 15-minute deadline (no exception will be given if the indicator is not included on the buy-side report, regardless of whether the sell-side report includes the indicator).

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The MSRB may in the future establish additional Special Condition Indicators for common situations. All Special Condition Indicators will be available on the MSRB's Web Site, www.msrb.org. See section 4.3.2 for further details on the use of Special Condition Indicators.

ATS Identifier Codes

Unchanged.

Message Originator (MEOR) Codes

Unchanged.

APPENDIX C.3: RTRS REGULATORY STATUS CODES

Unchanged.

APPENDIX C.4: RTTM CODES²

Unchanged.

² It should be noted that while most of the codes contained in these tables are used to support GSCC, MBSCC and NSCC RTTM, some codes are used only by one clearing corporation, and may not be used by the other.