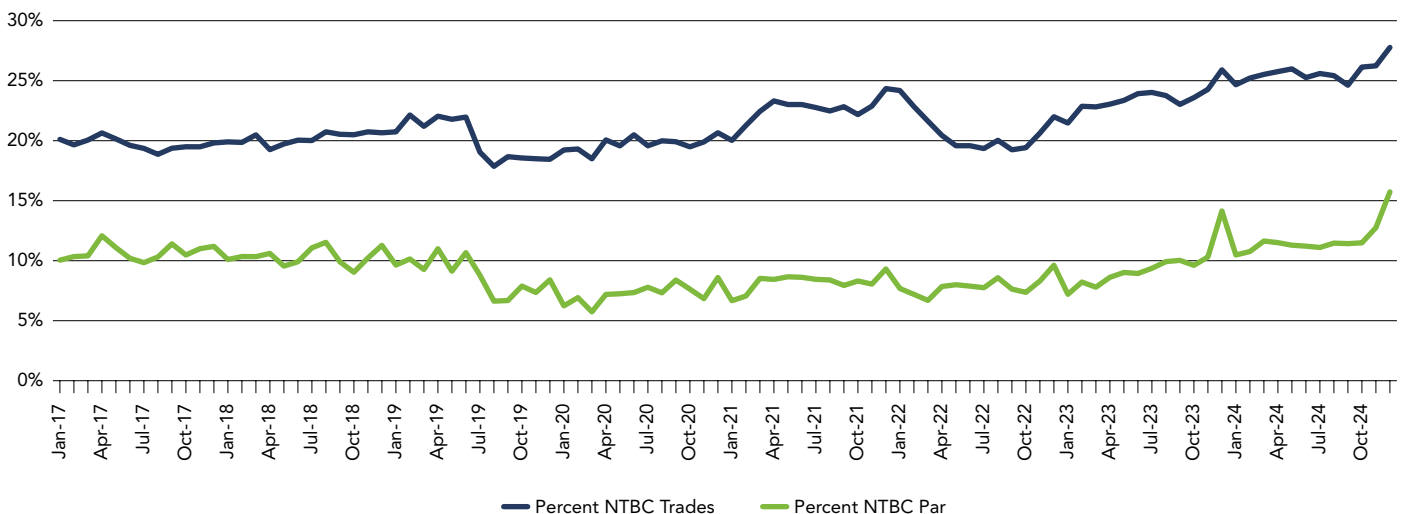


# Non-Transaction-Based Compensation (NTBC) Trade Reporting

MSRB Rule G-14 requires dealers to use a non-transaction-based compensation (NTBC) special condition indicator when reporting certain trades to the MSRB’s Real-Time Transaction Reporting System (RTRS).<sup>1</sup> As stated in the G-14 interpretative guidance, “the NTBC indicator is intended to distinguish all customer transactions that do not include a transaction-based compensation component from those transactions that do include a mark-up, mark-down or commission.”

From 2017 to the end of 2024, the percentage of customer trades reported as NTBC averaged 22% per month and the percentage of par amount traded averaged 9%. Since January 2023, the percentage of NTBC trades increased from 22% to a record 28% in December 2024. Similarly, the percentage of NTBC par amount traded increased from 7% in January 2023 to 16% in December 2024. These increases are likely related to the increased use of separately managed accounts.<sup>2</sup> (See Figure 1.)

**Figure 1. Percent of Customer Trades and Par Reported as NTBC, January 2017–December 2024**

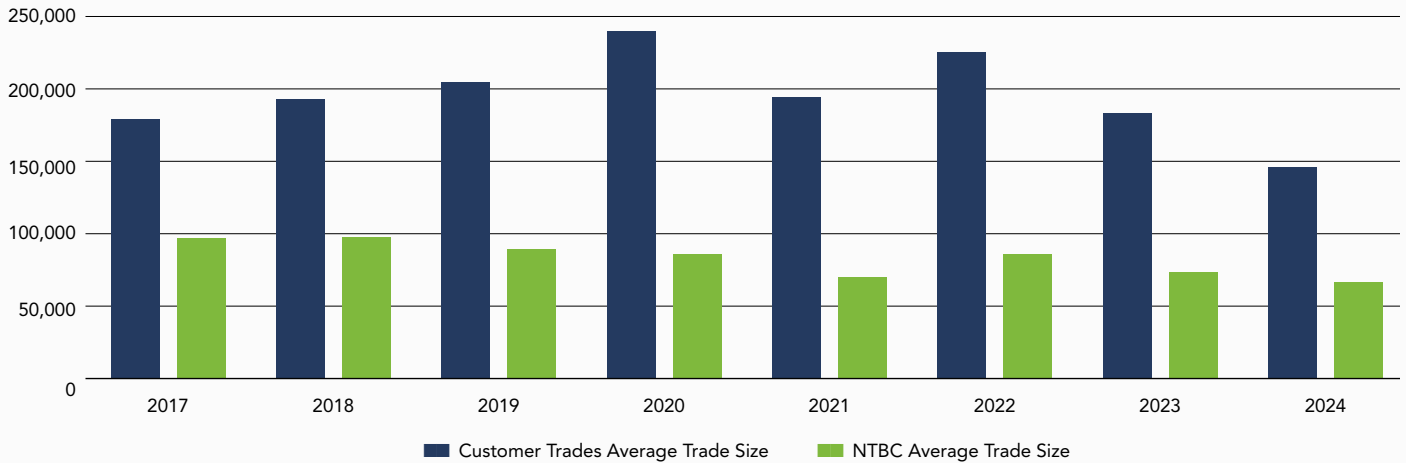


<sup>1</sup> See [MSRB Rule G-14](#), Reports of Sales or Purchases.

<sup>2</sup> All following analysis excludes trades of variable rate bonds and short-term instruments under nine months including variable rate instruments, auction rate products and commercial paper.

Overall, the average trade size for all customer trades has decreased from an annual average trade size of \$179,188 in 2017 to \$146,340 in 2024, a decrease of 18%. This decrease is driven largely by an increase in customer trades of \$100,000 or less. However, NTBC trades (on average smaller than other customer trades) have experienced a 31% decrease in average trade size, from an annual average trade size of \$97,032 in 2017 to \$66,705 in 2024. (See Figure 2.)

**Figure 2. Average Trade Size for Customer Trades and NTBC Trades, January 2017–December 2024**



**About MSRB**

The Municipal Securities Rulemaking Board (MSRB) was established by Congress in 1975 with the mission to protect investors, issuers and the public interest and to promote efficiency, competition and capital formation. MSRB is a private, self-regulatory organization governed by an independent board of directors with market knowledge and expertise. MSRB does not receive federal appropriations and is funded primarily through fees paid by regulated entities. MSRB is overseen by Congress and the Securities and Exchange Commission.

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