



Specifications for Real-time Reporting of Municipal Securities Transactions

Red-line of Version 2.0

Municipal Securities Rulemaking Board

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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

Trades in municipal securities are required to be reported to RTRS within 15 minutes of the time of trade, with the following limited exceptions:

- Dealers shall report “List Offering Price/Takedown Transactions” by the end of the day on which the transactions are executed. “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 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 or selling group member at a discount from the published list offering price for the security (“RTRS Takedown Transaction”).

Note: If a transaction is executed at a price that is not publicly disseminated (*e.g.*, if the security is a “not reoffered” maturity within a serial issue), the transaction is not a “List Offering Price/Takedown Transaction.”

Note: This indicator is mandatory for all List Offering Price/Takedown Transactions, even if they are reported within 15 minutes of the trade time.

- On a temporary basis, a dealer is allowed to report trades up to three hours after 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 ceases to be effective after December 31, 2007 for when, as and if issued transactions and December 29, 2006 for all other transactions.



- Dealers must 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.
- Dealers must report “away from the market” trades, as described in Section 4.3.2, by the end of the day in which the trades are effected.
- Dealers must report inter-dealer trades that are “VRDO ineligible on trade date,” as described in Section 4.3.2, by the end of the day in which the trade becomes eligible for automated comparison.
- Dealers must report inter-dealer trades that are “resubmissions of an RTTM cancel,” as described in Section 4.3.2, by the end of the RTRS Business Day following the day the trade was cancelled.

See below for details on how to indicate to the MSRB that a trade is eligible for an exception to the 15-minute reporting requirement (see Section 4.3.2, paragraph “SPXR – Special Condition Indicator” and Appendix B). Trade reports must include an appropriate Special Condition Indicator to receive an exception to the 15-minute reporting requirement. See Section 4.3.2 for details.

1.2.3. Trading Capacity

Unchanged.

1.3 New Procedures

Unchanged.

1.4 Relation of RTTM to RTRS

Unchanged.

1.5 IDRO Trade Reporting Procedure

Unchanged.

1.6 How Trade Messages Can Be Distinguished

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

This section adds additional comments regarding fields used differently or more specifically in the MT515 for RTRS regulatory reporting than in RTTM matching. Fields where there are no differences are not listed.

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.

Par (Quantity as Face Amount) Unchanged.

Trade Instruction Processing Narrative

All sections unchanged except the following.

SPXR – Special Condition Indicator. This is a dual purpose code that is used to indicate: (a) that a trade is eligible for an extended report time (*i.e.*, a reporting deadline other than the 15-minute requirement), and/or (b) that a trade is subject to a special condition, as described below. Since these conditions may apply

independently of one another, a different position within the four-character code is used to indicate each condition.

Format. The Special Condition Indicator is formatted as Mcc0, where the first character is “M” (municipal), the last character is “0” (reserved for future use), and the second and third characters “c” are integers that indicate the conditions above. If a condition applies only for the second character and not the third character or vice versa, use “0” for the character without an applicable condition. See Appendix B.2 for all values of this code.

No special condition or more than one special condition. If the trade has neither a deadline exception nor a special price, omit the Special Condition Indicator. If two exceptions to the 15-minute reporting deadline apply, use the longer exception. For example, if the security has not been traded in the past year and the CUSIP number is not in the dealer’s security master file (three-hour exception) and the security is a variable rate product (end-of-day short-term instrument exception), then the trade report is due by the end of the day.

A List Offering Price/Takedown Transaction in a short-term instrument (*i.e.*, a transaction that qualifies for both “Mc20” and “Mc30” as shown below) must be coded using the List Offering Price/ Takedown Transaction indicator (“Mc20”) rather than the Short-Term Instrument Special Condition Indicator (“Mc30”).

Exceptions to the 15-minute requirement. If the trade qualifies for one of the following exceptions to the 15-minute reporting requirement, indicate the deadline using the **third character**. (Business rules for reporting deadlines are described above, Section 1.2.2.)

Mc10: 3-hour deadline applies – Use this indicator if (a) the CUSIP number and indicative data of the issue traded are not in the dealer’s securities master file, (b) the dealer has not traded the issue in the previous year, and (c) the dealer is not a syndicate manager or syndicate member for the issue. This provision ceases to be effective after December 31, 2007 for when, as and if issued transactions and December 29, 2006 for all other transactions.. Examples: M010, M210.

Mc20: 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 all List Offering Price/Takedown Transactions, even if they are reported within 15 minutes of the trade time.

Mc30: End-of-day deadline applies – trade in a short-term instrument under nine months in effective maturity. Examples: M030, M130.

Inter-Dealer Transactions Reported Late. The following conditions can be indicated using the **third character**.

Mc40: Inter-Dealer Ineligible on Trade Date – Certain inter-dealer transactions are not able to be submitted to RTTM on trade date or with the accurate trade date either because all information necessary for comparison is not available or because the trade date is not a “valid” trade date in RTTM. Examples: M040, M240.



The following trading scenarios require use of this Special Condition Indicator:

- a. VRDO Ineligible on Trade Date – Inter-dealer secondary market transactions may be effected in variable rate demand obligations (VRDOs) in which the interest rate reset date occurs between trade date and the time of settlement. Since dealers in this situation cannot calculate accrued interest or final money on trade date, they cannot process the trade through RTTM until the interest rate reset has occurred. Dealers are required to report such trades by the end of the day on which the interest rate reset occurs and to include the original trade date and time;
- b. Invalid RTTM Trade Date – Dealers sometimes execute inter-dealer transactions on weekends and on certain holidays that are not valid RTTM trade dates and that therefore cannot be reported to RTRS using the actual trade date. Dealers are required to report such trades to RTTM no later than fifteen minutes after the start of the next RTRS Business Day and to include a trade date and time that represents the next earliest “valid” values that can be submitted.¹

Mc50: Resubmission of an RTTM Cancel – Uncompared inter-dealer trades are cancelled by RTTM on T+2, and the dealer originally submitting the trade must resubmit the transaction in a second attempt to obtain comparison with the contra-party. The dealer that originally submitted information to RTTM must use this indicator when resubmitting to avoid being scored late; however, the dealer may only use this indicator if it resubmits identical information about the transaction. Examples: M050, M150.

Flat Trades. If a security is traded on terms that do not include accrued interest (“traded flat”), indicate this condition using the **second character** of the Special Condition Indicator. If a security is traded with terms that do include accrued interest, but the amount of computed accrued interest is zero, such a transaction is not considered to have “traded flat.” For example, trade reports in zero-coupon bonds should not include this Special Condition Indicator.

M1c0: Bond was traded flat. This indicator is mandatory on transactions effected on terms that do not include accrued interest. Examples: M100, M130.

Away From Market Trades. If a trade was done with a special condition as described below, indicate the condition using the **second character** of the Special Condition Indicator.

M2c0: Away from market price (extraordinary settlement). Transactions reported with this indicator receive an end-of-day exception from the 15-minute reporting deadline.
Examples: M210, M230.

Use of this indicator is mandatory when the price of the transaction is away from the market price because (a) settlement is not regular way (T+3) or, (b) for a when-issued transaction, because the settlement date is not the issue’s initial settlement date. It should

¹ The MSRB previously provided an example of a trade date and time that would be included on a trade report using this procedure. See “Reporting of Inter-Dealer Transactions That Occur Outside of RTRS Business Day Hours or on Invalid RTTM Trade Dates,” MSRB Notice 2007-12 (March 23, 2007).

not be used for extended settlement trades or cash/next-day trades that are at the market price, nor should it be used routinely for trades done on a when-issued basis.

M9c0: Away from market (other reason). Transactions reported with this indicator receive an end-of-day exception from the 15-minute reporting deadline. Examples: M900, M910.

Use of this indicator is mandatory for trade reports in the specific trading scenarios listed below or if the transaction price differs substantially from the market price for multiple reasons or for a reason not covered by another Special Condition Indicator.

The following specific trading scenarios require use of this Special Condition Indicator:

- a. Customer Repurchase Agreement Transactions – Some dealers have programs allowing customers to finance municipal securities positions with repurchase agreements (“repos”). Typically, a bona fide repo consists of two transactions whereby a dealer will sell securities to a customer and agree to repurchase the securities on a future date at a pre-determined price that will produce an agreed-upon rate of return. Both the sale and the purchase transactions resulting from a repurchase agreement are required to include this Special Condition Indicator.
- b. UIT-Related Transactions – Dealers sponsoring Unit Investment Trust (“UIT”) or similar programs sometimes purchase securities through several transactions and deposit such securities into an “accumulation” account. After the accumulation account contains the necessary securities for the UIT, the dealer transfers the securities from the accumulation account into the UIT. This transfer of securities from the accumulation account into the UIT is required to be reported with this Special Condition Indicator.
- c. TOB-Related Transactions – Dealers sponsoring tender option bond programs (“TOB Programs”) for customers sometimes transfer securities previously sold to a customer into a derivative trust from which derivative products are created. If the customer sells the securities held in the derivative trust, the trust is liquidated, and the securities are reconstituted from the derivative products and transferred back to the customer. Trade reports of the transfers of securities into the derivative trust and the transfer of securities back to the customer upon liquidation of the trust are required to include this Special Condition Indicator.

4.4 MT509 Message

Unchanged.



Appendix A: Examples of Data Flows for Regulatory Reporting

Unchanged. See original document for text.



Appendix B: Code Tables

APPENDIX B.1: RTRS ERROR CODES

Unchanged.

APPENDIX B.2: OTHER RTRS CODE TABLES

Special Condition Indicator (Previously ‘Special Price Reason Code’)

Omit this field if the trade is subject to the MSRB 15-minute reporting requirement and if no special condition applies. If two extended report times apply, use the longer time.² Use indicator values “2” or “9” only if the price differs from the market price. Do *not* use for extended settlement or cash/next-day trades at the market price.

The following chart displays the valid Special Condition Indicators. For example, if a trade does not qualify for an alternate deadline (see Section 1.2.2) and is flat (see Section 4.3.2), use code ‘M100’. If a trade qualifies for the 3-hour exception to the 15-minute rule (see Section 1.2.2) and the price is away from the market because of an extraordinary settlement (see Section 4.3.2), use code ‘M210’.

| | <i>No Condition to the Right Applies</i> | <i>Flat</i> | <i>Away from Market Price - Extraordinary Settlement</i> | <i>Away from Market - Other Reason</i> |
|--|--|-------------|--|--|
| <i>No Condition Below Applies</i> | | M100 | M200 | M900 |
| <i>Not in Security Master, WI (3 Hr)</i> | M010 | M110 | M210 | M910 |
| <i>LOP/TD Transaction (EOD)</i> | M020 | | | |
| <i>Short Term (EOD)</i> | M030 | M130 | M230 | M930 |
| <i>Inter-Dealer Ineligible on Trade Date</i> | M040 | M140 | M240 | M940 |
| <i>Resubmission of RTTM Cancel</i> | M050 | M150 | M250 | M950 |

- Mcc0 Mandatory - If conditions apply, must be included on report
- Mcc0 Optional - Use to claim exception to 15-minute deadline
- Invalid – No Code Available

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

² Example: if the CUSIP is not in the dealer’s security master file (3 hour deadline) and is a variable rate product (end-of-day deadline), then the report is due at the end of the day. Use code M030, assuming no special price reason applies to the price.



ATS Identifier Codes

Unchanged.

Message Originator (MEOR) Codes

Unchanged.

APPENDIX B.3: RTRS REGULATORY STATUS CODES

Unchanged.

APPENDIX B.4: RTTM CODES³

Unchanged.

³ 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.