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[Rule G-14](#) & [Rule G-14
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SEC Approves Amendments to MSRB Rule G-14 to Shorten Timeframe for Reporting Transactions in Municipal Securities

Overview

On September 20, 2024, the Municipal Securities Rulemaking Board (the “MSRB”) received approval¹ from the Securities and Exchange Commission (the “Commission”) to (i) amend Rule G-14 RTRS Procedures under MSRB Rule G-14, on reports of sales or purchases, to shorten the amount of time within which brokers, dealers and municipal securities dealers (collectively, “dealers”) must report most transactions to the MSRB, require dealers to report certain transactions with a new trade indicator, and make certain clarifying amendments, and (ii) make conforming amendments to MSRB Rule G-12, on uniform practice, and the MSRB’s Real-Time Transaction Reporting System (“RTRS”) Information Facility (“IF-1”) to reflect the shortened reporting timeframe (collectively, the “rule amendments”).

Effective Date

Consistent with the Approval Order, the MSRB will announce the effective date for the rule amendments in a notice to be published on the MSRB website.²

¹ See Securities Exchange Act of 1934 (“Exchange Act”) Release No. 101118 (Sep. 20, 2024) (File No. SR-MSRB-2024-01) (the “Approval Order”).

² The effective date will be intended to maintain implementation of the changes to reporting requirements under Rule G-14 for municipal securities on substantially the same timeframe as the Financial Industry Regulatory Authority’s proposal to similarly shorten trade reporting requirements for Trade Reporting and Compliance Engine (TRACE)-eligible securities.



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Summary of the Rule Amendments

Since 2005, dealers have been required to report their transactions in municipal securities to RTRS within 15 minutes of the Time of Trade,³ absent an exception, in accordance with Rule G-14, the Rule G-14 RTRS Procedures, and the RTRS Users Manual.⁴ As discussed in more detail below, the rule amendments:

- Establish a baseline one-minute trade reporting requirement for most trades;
- Establish a requirement that, with limited exceptions, trades be reported as soon as practicable and that dealers adopt policies and procedures in connection with this requirement;
- Create two new intra-day exceptions to the one-minute reporting requirement, consisting of:
 - a 15-minute exception for dealers with limited trading activity, and
 - a phased-in exception for trades with a manual component that gradually shortens the reporting deadline from 15 minutes to an eventual five-minute reporting requirement;
- Maintain and clarify all existing exceptions to the prior 15-minute reporting requirement, as well as the 15-minute from start of next day reporting requirement for trades conducted outside the trading day, so that such exceptions will continue to apply under the new one-minute reporting requirement;
- Require that dealers reporting any trade with a manual component use a new special condition indicator when the trade is reported to the MSRB;
- Clarify within Rule G-14 RTRS Procedures the usage of all previously established and new special condition indicators;
- Specify that dealers may not purposely delay the execution or reporting of a transaction, introduce any manual steps following the

³ Rule G-14 RTRS Procedures Section (d)(iii) defines Time of Trade as the time at which a contract is formed for a sale or purchase of municipal securities at a set quantity and set price.

⁴ The RTRS Users Manual is available on the MSRB's website at <https://www.msrb.org/RTRS-Users-Manual>.

Time of Trade, or otherwise modify any steps to execute or report the trade for the purpose of utilizing the exception for trades with a manual component; and

- Provide that a rule violation will be found where there is a pattern or practice of late trade reporting without exceptional circumstances or reasonable justification.⁵

A. New Baseline Reporting Requirement: One Minute After the Time of Trade

Rule G-14 RTRS Procedures Section (a)(ii) generally will provide that transactions effected with a Time of Trade during the hours of an RTRS Business Day⁶ must be reported to an RTRS Portal⁷ as soon as practicable, but no later than one minute (rather than within the prior 15-minute standard) after the Time of Trade, subject to several existing reporting exceptions, which will be retained,⁸ and two new intra-day reporting exceptions relating to dealers with limited trading activity and trades with a

⁵ The rule amendments also make certain conforming changes to Rule G-12(f)(i) and IF-1.

⁶ Rule G-14 RTRS Procedures Section (d)(ii) defines RTRS Business Day as 7:30 a.m. to 6:30 p.m., Eastern Time, Monday through Friday, unless otherwise announced by the MSRB.

⁷ RTRS has three Portals for submission of transaction data, and aspects of RTRS are designed to function in coordination with the Real-Time Trade Matching (“RTTM”) system of the Depository Trust & Clearing Corporation (“DTCC”) in conjunction with its subsidiary National Securities Clearing Corporation. Rule G-14 RTRS Procedures Section (a)(i) describes the three RTRS Portals: Message Portal used for trade submission and trade modification as described in Section (A) thereof; RTRS Web Portal used for low-volume transaction submission and modification as described in Section (B) thereof; and RTTM Web Portal used only for inter-dealer transactions eligible for automated comparison as described in Section (C) thereof.

⁸ Three of these existing exceptions, consisting of List Offering Price/Takedown Transactions, trades in certain short-term or variable rate instruments, and away from market trades, require that trades be reported by the end of the day on which they are executed and do not rely on the Time of Trade. These three end-of-trade-date reporting exceptions are retained without change and are redesignated as Rule G-14 RTRS Procedures Section (a)(ii)(A)(1), (2) and (3), respectively. Two other existing exceptions for certain special circumstances are also retained without change, consisting of dealers reporting inter-dealer VRDO ineligible on trade date transactions, which must be reported by the end of the day on which the trade becomes eligible for automated comparison, and of dealers reporting inter-dealer resubmission of an RTTM cancel, which must be reported by the end of the next RTRS Business Day following cancellation of the original trade. These two exceptions are redesignated as Rule G-14 RTRS Procedures Sections (a)(ii)(B)(1) and (2), respectively.

manual component.⁹ Except for those trades that qualify for a reporting exception, all trades previously required to be reported within 15 minutes after the Time of Trade will, beginning on the effective date, be required to be reported no later than one minute after the Time of Trade.

B. New Requirement to Report Trades as Soon as Practicable

Rule G-14 RTRS Procedures Section (a)(ii) will, beginning on the effective date, require that, absent an exception, trades must be reported as soon as practicable (but no later than one minute after the Time of Trade). In addition, this same as soon as practicable requirement will apply to trades subject to longer trade reporting deadlines under the two new exceptions for dealers with limited trading activity pursuant to Rule G-14 RTRS Procedures Section (a)(ii)(C)(1) and Supplementary Material .01, or trades with a manual component pursuant to Rule G-14 RTRS Procedures Section (a)(ii)(C)(2) and Supplementary Material .02. Dealers will not be permitted to delay reporting a trade—to wait until the final seconds of a specified trade reporting deadline—if it is practicable to report such trade more rapidly.

Under Supplementary Material .03(a), dealers will be required to adopt policies and procedures reasonably designed to comply with the as soon as practicable standard and will be required to implement systems that commence the trade reporting process without delay upon execution. Where a dealer has reasonably designed policies, procedures and systems in place, the dealer generally will not be viewed as violating the as soon as practicable requirement because of delays in trade reporting due to extrinsic factors that are not reasonably predictable and where the dealer does not intend to delay the reporting of the trade (for example, due to a systems outage). Dealers must not purposely withhold trade reports, for example, by programming their systems to delay reporting until the last permissible minute or by otherwise delaying reports to a time just before the deadline if it would have been practicable to report such trades more rapidly.

For trades with a manual component, the MSRB recognizes that the trade reporting process may not be completed as quickly as, for example, where an automated trade reporting system is used. In these cases, the MSRB expects that the regulatory authorities that examine dealers and enforce compliance with this requirement will take into consideration the manual nature of the

⁹ These two new intra-day reporting exceptions are set forth in Rule G-14 RTRS Procedures Sections (a)(ii)(C)(1) and (2), respectively.

dealer's trade reporting process in determining whether the dealer's policies and procedures are reasonably designed to report the trade as soon as practicable after execution.

C. Discussion of Time of Trade

The Time of Trade is the time at which a contract is formed for a sale or purchase of municipal securities at a set quantity and set price.¹⁰ The time taken to report the trade is measured by comparing the Time of Trade reported by the dealer with the timestamp assigned when the initial trade report is received by an RTRS Portal.¹¹ For transaction reporting purposes, Time of Trade is considered to be the same as the time that a trade is executed and, generally, is consistent with the time of execution for recordkeeping purposes.¹² Importantly, the time that the trade is executed is not necessarily the time that the trade information is entered into the dealer's processing system. For example, if a trade is executed on a trading desk but not entered for processing until later, the time of execution (not the time of entering the record into the processing system) is required to be reported as the Time of Trade.¹³

While the principles of contract law are mostly governed by state statutory and common law, generally, in order to form a valid contract, there must be at least an offer and acceptance of that offer. As a result, dealers should consider the point in time at which an offer to buy or sell municipal securities was met with an acceptance of that offer. This offer and acceptance, or a

¹⁰ See Rule G-14 RTRS Procedures Section (d)(iii).

¹¹ See Exchange Act Release No. 49902 (June 22, 2004), 69 FR 38925 (June 29, 2004) (File No. SR-MSRB-2004-02); See also MSRB Notice 2004-13 ([Real-Time Transaction Reporting: Notice of Filing of Proposed Rule Change to Rules G-14 and G-12\(f\)](#)) (June 1, 2004); [IF-1](#).

¹² See Rule G-8(a)(vi) and (vii). See also RTRS G-14 Transaction Reporting Procedures ([FAQs regarding Time of Trade Reporting](#)) at question 8 (Aug. 1, 1996); MSRB Notice 2016-19 ([MSRB Provides Guidance on MSRB Rule G-14, on Reports of Sales or Purchases of Municipal Securities](#)) at question 1 (Aug. 9, 2016) (the "[2016 RTRS FAQs](#)"). Pursuant to Rule G-15(a)(vi)(A), the time of execution reflected on customer confirmations is required to be the same as the time of execution reflected in the dealer's records and thus should generally be consistent with the time of trade reported by the dealer.

¹³ See RTRS Users Manual ([Questions and Answers on Reporting Trades](#)), at question 1 (Aug. 09, 2016). Similarly, transactions effected outside of the hours of an RTRS Business Day are required to be reported within 15 minutes after the start of the next RTRS Business Day. The time the trade was executed (rather than the time that the trade report is made) is the Time of Trade required to be reported.

meeting of the minds, cannot occur before the final material terms, such as the exact security, price and quantity, have been agreed to and such terms are known by the parties to the transaction.¹⁴ Further, dealers should be clear in their communications regarding the final material terms of the trade and how such terms will be conveyed between the parties to ensure that such a valid trade contract has been formed.

In the context of new issue securities, the MSRB has previously stated that a transaction effected on a when, as and if issued basis cannot be executed, confirmed and reported until the municipal security has been formally awarded by the issuer.¹⁵ Thus, while dealers may take orders for securities and make conditional trading commitments prior to the award, dealers cannot execute transactions, send confirmations or make a trade report prior to the time of formal award. The MSRB has previously characterized pre-sale orders as expressions of the purchasers' firm intent to buy the new issue securities in accordance with the stated terms, which order may only be executed upon the award of the issue or the execution of a bond purchase agreement.¹⁶ Importantly, such expressions of an intent to purchase municipal securities are subject to material conditions that negate execution of an agreed upon offer and acceptance until the issuer has committed to the issuance of the securities.

The MSRB believes that this same rationale applies to secondary market transactions where the commitment of the parties is subject to material conditions. When a sales representative of a dealer takes a customer order, but is unable to execute that order until their trader performs supervisory or

¹⁴ See MSRB Notice 2004-18 ([Notice Requesting Comment on Draft Amendments to Rule G-34 to Facilitate Real-Time Transaction Reporting and Explaining Time of Trade for Reporting New Issue Trades](#)) (June 18, 2004) ("Transaction reporting procedures define the 'time of trade' as the time when a contract is formed for a sale or purchase of municipal securities at a set price and set quantity. For purposes of transaction reporting, this is considered to be the same as the time that a trade is 'executed.'") (internal citations omitted); see also 2016 RTRS FAQs at question 1.

¹⁵ 2016 RTRS FAQs at question 2.

¹⁶ See MSRB Interpretive Guidance, Rule G-12 ([Confirmation: Mailing of WAI Confirmation](#)) (Apr. 30, 1982), referenced in MSRB Interpretive Guidance, Rule G-14 ([Rule G-14 Transaction Reporting Procedures-Time of Trade Reporting](#)) (August 1, 1996). In the same vein, retail orders submitted during a retail order period under MSRB Rule G-11 are viewed as conditional commitments. See MSRB Rule G-11(a)(vii) (defining the term "retail order period"). See also, e.g., MSRB Notice 2014-14 ([Request for Comment on Enhancements to Post-Trade Transaction Data Disseminated Through a New Central Transparency Platform](#)) (Aug. 13, 2014) (describing the conditional nature of conditional trading commitments).

other firm-mandated reviews or approvals of such order—for example, to determine that the customer order does not exceed internally-set risk and compliance parameters or to complete best-execution, suitability/best interest or fair pricing protocols that may result in a changed price or quantity to the customer or in not completing execution of the trade—the dealer reasonably may determine that the meeting of the minds has not yet occurred until such processes, procedures or protocols have been completed and the dealer has affirmatively accepted the order. In such circumstances, the dealer should be clear in its communications with its counterparty regarding the final terms of the trade and how such terms will be conveyed between the parties to ensure that such a valid trade contract has been formed, such as clearly communicating to the customer that the order should not be viewed as accepted until such processes, procedures or protocols are completed and the trade is finally executed. Such processes, procedures or protocols should be appropriately reflected in a dealer’s written policies and procedures. Because the Time of Trade is tied to the contractual agreement (that is, offer and acceptance, whether oral or written) between the parties to a transaction, a dealer and its counterparty may come to an express agreement as to the Time of Trade for a given transaction, as appropriate, that is consistent with the time at which the agreement becomes binding upon the parties under contract law.

D. New Intra-Day Exceptions to the Baseline Reporting Requirement

New Section (a)(ii)(C)(1) of Rule G-14 RTRS Procedures provides an exception for a dealer with limited trading activity and new Section (a)(ii)(C)(2) thereof provides an exception for a dealer reporting a trade with a manual component. As with the previously existing exceptions, these two new exceptions do not alter or diminish any of the investor protections afforded by other MSRB rules or federal securities laws or regulations applicable to pricing, best execution, disclosure, suitability/best interest, and other aspects of the trades being reported.

a. Exception for Dealers with Limited Trading Activity

A dealer with limited trading activity will, beginning on the effective date, be excepted from the one-minute reporting requirement pursuant to Section (a)(ii)(C)(1) and will instead be required to report its trades as soon as practicable, but no later than 15 minutes after the Time of Trade for so long

as the dealer remains qualified for the limited trading activity exception, as further specified in new Supplementary Material .01.¹⁷

Section (d)(xi) of Rule G-14 RTRS Procedures defines a dealer with limited trading activity as a dealer that, during at least one of the prior two consecutive calendar years, reported to an RTRS Portal fewer than 2,500 purchase or sale transactions with customers or other dealers, excluding transactions exempted under Rule G-14(b)(v) and transactions specified in Rule G-14 RTRS Procedures Sections (a)(ii)(A) and (B) (i.e., transactions having an end-of-trade-day reporting exception). Thus, the determination of whether a dealer has exceeded the threshold of 2,500 for this exception takes into account both sell-side and buy-side inter-dealer trade reports together with reports of dealer trades with customers, regardless of whether the dealer bought or sold in the customer transaction.

A dealer relying on this exception to report trades within the 15-minute timeframe, rather than the new standard one-minute timeframe, must confirm that it meets the criteria for a dealer with limited trading activity for each year during which it continues to rely on the exception (e.g., the dealer could confirm its eligibility based on its internal trade records and by checking MSRB compliance tools, which will indicate a dealer's transaction volume for a given year). If a dealer does not meet the criteria for a given calendar year (that is, has 2,500 or more transactions not having an end-of-trade-day or post-trade-day reporting exception in both preceding calendar years), such dealer will not be eligible for the exception, after a three-month grace period at the beginning of such calendar year, for transactions reported on and after April 1 of such calendar year. Therefore, the dealer will be required to report transactions to RTRS no later than one minute after the Time of Trade for the remainder of that calendar year, unless another exception under the rule applies. A dealer that meets the criteria for a given calendar year may utilize the exception on or after January 1 of such calendar year.¹⁸

¹⁷ Transactions effected by such a dealer with a Time of Trade outside the hours of an RTRS Business Day are permitted to be reported no later than 15 minutes after the beginning of the next RTRS Business Day pursuant to Rule G-14 RTRS Procedures Section (a)(iii). Transactions for which an end-of-trade-day or post-trade-day reporting exception is available under Sections (a)(ii)(A) and (B) will continue to have that exception available.

¹⁸ A previously active dealer that newly becomes eligible for the exception for dealers with limited trading activity following the first year of the implementation of the rule amendments may continue to see their trades marked as late on RTRS report cards and related RTRS feedback based on the one-minute deadline for a short period of time at the beginning of a new calendar year until the MSRB is able to systematically update the dealer's

For example, assume the following hypothetical trade counts for Dealer X for a given calendar year:¹⁹

Calendar Year	Trade Count ²⁰	Eligible for Exception During Calendar Year?
2024	2,600	N/A
2025	2,400	N/A
2026	2,700	Yes, based on 2025 trade count below the 2,500 threshold
2027	2,600	Yes, based on 2025 trade count below the 2,500 threshold
2028	2,400	No, based on 2026 and 2027 trade counts above the 2,500 threshold in both years (must transition reporting to one minute on and after April 1, 2028)
2029	2,700	Yes, based on 2028 trade count below the 2,500 threshold (may resume reporting in 15 minutes on January 1, 2029)

Based on the hypothetical data presented in the table above, Dealer X will be eligible for the exception as a dealer with limited trading activity for the calendar years 2026 and 2027 effective January 1 of each such year, based on trade count for the year 2025. However, Dealer X will no longer qualify for such an exception for the calendar year 2028. As a result, for 2028, beginning on and after April 1, 2028, after the three-month grace period, Dealer X must begin reporting all of its trades (other than those subject to another exception) no later than one minute after the Time of Trade. However, Dealer X will again qualify for calendar year 2029 as a dealer with limited trading activity based upon its 2028 trade count and may resume reporting

status in the RTRS system. Any such late indicator will not, for examination or enforcement purposes, be viewed as a violation by a dealer that otherwise was qualified as a dealer with limited trading activity at the time of the report.

¹⁹ While the first two years of data shown in the chart represent trades occurring in years prior to the expected effective date of the rule amendments, such data will be used to determine whether a dealer will be eligible for the limited trading activity exception in the first years after the effective date. The chart assumes that the first calendar year in which the new reporting timeframes under the rule amendments, including the exception for a dealer with limited trading activity, will be effective is calendar year 2026.

²⁰ The trade count is intended to reflect the number of transactions not subject to a reporting exception under Section (a)(ii) of Rule G-14 RTRS Procedures. For purposes of illustration, the hypotheticals include manual trades subject to an intra-day exception.

its trades no later than 15 minutes after the Time of Trade on January 1, 2029. Thus, some dealers' eligibility for the exception may change from year to year.

Notwithstanding the foregoing, dealers with limited trading activity are reminded of the overarching obligation to report trades as soon as practicable.

b. Exception for Trades with a Manual Component

A trade with a manual component as defined in new Section (d)(xii) of Rule G-14 RTRS Procedures will, beginning on the effective date, be excepted from the one-minute reporting requirement pursuant to Rule G-14 RTRS Procedures Section (a)(ii)(C)(2). Instead, dealers with such trades will be required to report such trades as soon as practicable and within the time periods specified in new Supplementary Material .02, unless another exception from the one-minute reporting requirement applies under Rule G-14 RTRS Procedures Sections (a)(ii)(A) and (B) (i.e., transactions having an end-of-trade-day or post-trade-day reporting exception) or (a)(ii)(C)(1) (i.e., transactions by dealers with limited trading activity).²¹

i. Trades Having a Manual Component

Section (d)(xii) of Rule G-14 RTRS Procedures defines a trade with a manual component as a transaction that is manually executed or where the dealer must manually enter any of the trade details or information necessary for reporting the trade directly into an RTRS Portal (for example, by manually entering trade data into the RTRS Web Portal) or into a system that facilitates trade reporting (for example, by transmitting the information manually entered into a dealer's in-house or third-party system) to an RTRS Portal. As described below, a dealer reporting to the MSRB a trade meeting the definition for a trade with a manual component will be required to append a new trade indicator so that the MSRB can identify manual trades.²²

²¹ Transactions effected with a Time of Trade outside the hours of an RTRS Business Day will be permitted to be reported no later than 15 minutes after the beginning of the next RTRS Business Day pursuant to Rule G-14 RTRS Procedures Section (a)(iii).

²² Such new indicator will be required for any trade with a manual component, whether the dealer reports such trade within the new one-minute timeframe or the dealer seeks to take advantage of the longer timeframes permitted for trades with a manual component.

The exception for trades with a manual component will apply narrowly, and will normally encompass any human participation, approval or other intervention necessary to complete the initial execution and reporting of trade information after execution, regardless of whether undertaken by electronic means (e.g., keyboard entry), physical signature or other physical action. To qualify as a trade with a manual component, the manual aspect(s) of the trade generally would occur after the relevant Time of Trade (i.e., the time at which a meeting of minds where the parties have reached agreement on terms and elements of execution, and thus a contract has been formed for the transaction). The exception is intended to apply only to the trade execution and reporting portions of the workflow. If those portions do not contain any manual steps, the trade is reportable within one minute after the Time of Trade (absent another exception), and the manual trade indicator should not be used to reflect any pre-trade activity that might have occurred prior to execution. Thus, any manual aspects that precede the time of trade (e.g., phone calls to locate bonds to be sold to a customer before the dealer agrees to sell such bonds to a purchasing customer or pre-trade negotiations over the phone regarding the price or security or some other matter) would normally not be relevant for purposes of the exception unless they have a direct impact on the activities that must be undertaken post-execution to enter information necessary to report the trade.²³

To the extent trades are fully automated—both the execution and the trade reporting—the manual trade indicator will not apply and should not be used, and the exception for trades with a manual component also will not apply.²⁴

²³ This manual exception applies to the reporting of a trade upon the trade being executed. If a report has been made and the dealer detects a mistake that requires cancellation or correction, any modification of an already submitted trade report must be performed as soon as possible pursuant to Rule G-14 RTRS Procedures Section (a)(iv). See MSRB Interpretive Guidance ([Reminder Regarding Modification and Cancellation of Transaction Reports: Rule G-14](#)) (Mar. 2, 2005). While a trade modification to a previously reported automated trade may be manual in nature (for example, the trade is corrected through the RTRS Web Portal or is corrected through a dealer's system and not using a cancel and replace process), that manual modification process will not, by itself, result in the initial trade qualifying as a trade with a manual component. Where the trade correction is made through a cancel and replace process, the time of trade must reflect the time of execution of the initial trade report and not the time when the modification was reported to RTRS. While RTRS will continue to provide dealers with the option to either modify the trade or cancel and replace the trade, the MSRB has stated that modification is preferred when changes are necessary because a modification is counted as a single change to a trade report, whereas cancellation and resubmission are counted as a change and (unless the resubmission is done within the original deadline for reporting the trade) also as a late report of a trade.

²⁴ See the discussion of fully automated scenarios below in the section titled "F. Pattern or Practice of Late Trade Reporting; Exceptional Circumstances or Reasonable Justification."

Where trade execution and reporting processes are fully electronic, a minimal triggering action (e.g., click “accept”) to prompt the electronic execution of a trade at the beginning of the process, by itself, typically will not be sufficient to constitute a manual step qualifying the trade for the manual trade exception. For example, if the trade execution and reporting process is started by the clicking of a link or button on a trade management or other similar system (such as in a request for quote process for a bond, and the trader clicks to accept the desired bond), and thereafter all processes are fully electronic, that single act of clicking the link or button at the Time of Trade will not, depending on the facts and circumstances, normally be sufficient by itself to qualify the trade for the manual trade exception.

Scenarios in which the Exception for Trades with a Manual Component is Often Likely to be Applicable and Appropriate

An exhaustive list of trading situations potentially involving a manual component cannot be provided here. However, the MSRB contemplates that the exception will often be appropriately applicable to the following situations, depending on the specific facts and circumstances. These scenarios normally entail manual components of the trade execution or reporting process that would make reporting a transaction within one minute of the Time of Trade unfeasible, even where the dealer makes reasonable efforts to report the trade as soon as practicable after execution (as required):

1. where a dealer executes a trade by manual or hybrid means, such as voice or negotiated trading by telephone, email, or through a chat/messaging function, and subsequently must manually enter into a system that facilitates trade reporting all or some of the information required to book the trade and report it to RTRS;
2. where a dealer executes a trade (typically a larger-sized trade) that requires additional steps to negotiate and confirm details of the trade with a client and manually enters the trade into risk and reporting systems;
3. where a dually-registered broker-dealer/investment adviser executes a block transaction that requires allocations of portions of the block trade to the individual accounts of the firm’s advisory clients that must be manually inputted in connection with a trade;²⁵

²⁵ Under MSRB rules, where a dealer sells municipal securities to a third-party investment adviser, such dealer currently is only required to report the block trade and not the

4. where an electronically or manually executed trade is subject to manual review by a second reviewer for risk management (e.g., transactions above a certain dollar or par amount or other transactions meriting heightened risk review) and, as part of or following the review, the trade must be manually approved, amended or released before the trade is reported to RTRS;
5. where a dealer's trade execution processes may entail further diligence following the Time of Trade involving a manual step (e.g., manually checking another market to confirm that a better price is not available to the customer);²⁶
6. where a dealer trades a municipal security, whether for the first time or under other circumstances where the security master information may not already be populated (e.g., information has been removed or archived due to a long lapse in trading the security), and additional manual steps are necessary to set up the security and populate the associated indicative data in the dealer's systems prior to executing and reporting the trade;
7. where a dealer receives a large order or a trade list resulting in a portfolio of trades with potentially numerous unique securities involving rapid execution and frequent communications on multiple transactions with multiple counterparties, and the dealer must then book and report those transactions manually, one by one;²⁷

deliveries made to individual accounts as allocated by the investment adviser, which may differ from the reporting requirements for other fixed income asset classes. However, in certain circumstances, such as where a dually registered broker-dealer/investment advisor executes a block trade for allocation to its own advisory clients, such allocations are generally handled, for trade reporting purposes, in the same manner as for other asset classes and to the extent the allocation trades contain a manual component, those allocation trades may be eligible for the manual trade exception.

²⁶ Dealers experiencing significant levels of post-Time of Trade price adjustments due to such post-trade best execution processes should consider whether these processes are well suited to the dealer's obligations under MSRB Rule G-18 and whether the dealer is appropriately evaluating when a contract has in fact been formed with its customer.

²⁷ In instances where a dealer trades a basket of securities at a single price for the full basket, rather than individual prices for each security based on its then-current market price, such price may be, but is not necessarily, away from the market for some or all of the individual securities. If the dealer determines that the basket price reported to RTRS for any specific trade of one of the securities in the basket is away from the market price, the dealer is required to include the away from market special condition indicator and such trade report will qualify for an end-of-trade-day reporting exception under Rule G-14 RTRS Procedures Section (a)(ii)(A)(3). See MSRB, Specifications for Real-Time Reporting of

8. where a broker's broker engages in mediated transactions that involve multiple transactions with multiple counterparties; and
9. where a dealer reports a trade manually through the RTRS Web Portal.

The third, seventh and eighth scenarios listed above involve varying circumstances that, in essence, illustrate the potential handling of multiple transactions requiring separate trade reporting. Depending on the specific facts and circumstances, the MSRB believes that in most cases where an initial block trade is executed and reportable electronically without manual intervention between its execution and reporting, whether in connection with the scenario of a dually registered broker-dealer/investment adviser or in some other context (such as a large block trade that is subsequently allocated to other dealers, a broker's broker transaction, or a large portfolio trade), the report of such block trade or large trade will not normally qualify for the manual trade exception (absent legitimate, post-execution manual component(s) of the respective workflow), although the resulting portfolio trades or allocations may separately qualify for the manual trade exception.²⁸

In other words, where a dealer executes a large or block transaction that requires allocations of portions of the trade to individual accounts, unless the initial large or block trade independently qualifies for the manual trade exception and absent another exception, the large or block transaction normally will not qualify for the manual trade exception and instead would be subject to the one-minute reporting requirement. The manual trade exception may, however, be available for any resulting allocations to individual accounts that may be required to be reported and such reporting involves manual input or other manual steps. Under these circumstances, if the initial large or block transaction does not qualify for one of the exceptions to the one-minute trade reporting timeframe, the reporting of that transaction should not be delayed on account of the potentially later

Municipal Securities Transactions (Version 4.1, November 2022), Section 4.3.2. *See also* MSRB Notice 2007-25 ([SEC Approval Relating to Reporting Special Condition Indicators for Certain Special Trading Situations](#)) (Aug. 13, 2007). However, there is no general requirement for portfolio trade indicators—and the MSRB has not created such an indicator—to be included in any trade report to RTRS.

²⁸ The MSRB acknowledges that this discussion may be less applicable to the broker's broker example given the differences in the trade flow and nature of the mediation that may occur in that situation but serves to remind broker's brokers that they should be considering each trade individually and that those portions of a multi-party transaction occurring in steps or not substantially simultaneously should be evaluated independently.

reporting of manual allocation transactions that do qualify for the manual trade exception.

Dealers should review their trade flow and processes and consider which of their trades would be deemed a trade with a manual component under the rule amendments.²⁹

The appropriateness of treating any step in the trade execution and reporting process as being manual must be assessed in light of the anti-circumvention provision with regard to the delay in execution or insertion of manual tasks for the purpose of meeting this exception. New Supplementary Material .02(a) requires all trades with a manual component to be reported as soon as practicable and specifies that in no event may a dealer purposely delay the execution of an order, introduce any manual steps following the Time of Trade, or otherwise modify any steps prior to executing or reporting a trade for the purpose of utilizing the exception for manual trades. New Supplementary Material .03 requires that dealers adopt policies and procedures for complying with the as soon as practicable reporting requirement, including by implementing systems that commence the trade reporting process without delay upon execution and provides for additional guidance for regulatory authorities that enforce and examine dealers for compliance with this requirement to take into consideration the manual nature of the dealer's trade reporting process.

In light of the overarching obligation to report trades as soon as practicable, dealers should consider the types of transactions in which they regularly engage and whether they can reasonably reduce the time between a transaction's Time of Trade and its reporting, and more generally must make a good faith effort to report their trades as soon as practicable.³⁰ Each dealer seeking to comply with the rule amendments—including the one-minute reporting requirement and new or existing exceptions from such

²⁹ Dealers should undertake this review regardless of whether they intend to take advantage of the longer timeframes permitted for trades with a manual component since all reports of trades meeting the definition of a trade with a manual component will be required to append the new manual trade indicator.

³⁰ For trades with a manual component, the MSRB recognizes that the trade reporting process may not be completed as quickly as, for example, where an automated trade reporting system is used. In these cases, the MSRB expects that the regulatory authorities that examine dealers and enforce compliance with this requirement will take into consideration the manual nature of the dealer's trade reporting process in determining whether the dealer's policies and procedures are reasonably designed to report the trade as soon as practicable after execution.

requirement—should consider the extent to which it can automate its trade reporting and related execution processes, consistent with its client’s needs and the dealer’s best execution and other regulatory obligations. Where automation is not feasible at a reasonable cost in light of the specific facts and circumstances with respect to the dealer’s trading activity and overall business (e.g., the level, nature and economic viability of its activity in municipal securities), dealers should be implementing more efficient trade entry processes to meet the applicable reporting requirement, including the new requirement to report trades as soon as practicable, particularly with a view to the phased-in reduction in the reporting timeframe for trades with a manual component where a process that may provide sufficient time to report timely during the first year may not be sufficiently efficient to meet the further shortened timeframe in a subsequent year. The MSRB expects that dealers will periodically assess their systems and processes to ensure that they have implemented sufficiently efficient policies and procedures for timely trade reporting.

ii. Phase-In Implementation of Exception for Trades with a Manual Component

Supplementary Material .02(b) will, beginning on the effective date, subject trades with a manual component to a phase-in period for timely reporting over several years (“phase-in period”). Specifically, during the first year of effectiveness of the exception, trades meeting this definition will be required to be reported as soon as practicable, but no later than 15 minutes after the Time of Trade.³¹ During the second and third years, such trades will be required to be reported as soon as practicable, but no later than 10 minutes after the Time of Trade. After the third year and thereafter, such trades will be required to be reported as soon as practicable, but no later than five minutes after the Time of Trade.³²

³¹ While the deadline for reporting during this first year will remain the same as the pre-amendment 15-minute timeframe, such trade reports will also be subject to the new requirement that they be reported as soon as practicable.

³² No further reductions in the timeframe for reporting trades with a manual component, and no elimination of such exception, are possible without additional MSRB rulemaking. The MSRB will monitor the implementation of the rule amendments and analyze trade data related to the operation of the two new exceptions to, among other things, determine whether the eventual five-minute trade reporting timeframe continues to be feasible and appropriate in light of the empirical data collected through the earlier phases of implementation, and whether appropriate guidance or modifications are warranted.

Time following Effective Date	Minutes to Report after Time of Trade
First Calendar Year after Effective Date	15 Minutes
Second & Third Calendar Years after Effective Date	10 Minutes
Post-Third Calendar Year after Effective Date	5 Minutes

Dealers are reminded that the as soon as practicable reporting obligation may, depending on the facts and circumstances, require quicker reporting than the applicable outer reporting obligation during and after the phase-in period for trades with a manual component. For example, while dealers must report their trades with a manual component no later than 15 minutes from the Time of Trade during the first year that the rule is operational, dealers should be reviewing their policies, procedures and practices and considering whether they can report such trades more quickly. In general, the MSRB expects a dealer's trade reporting statistics to show overall improvements in trade reporting speed without compromising data quality, due to the new as soon as practicable obligation and the two new intra-day exceptions.

iii. **Prohibition on Purposeful Insertion of Manual Steps in Trade Reporting Process**

Supplementary Material .02(a) specifically prohibits dealers from purposely delaying the execution of an order, introducing any manual steps following the Time of Trade, or otherwise purposefully modifying any steps to execute or report a trade to utilize the exception for manual trades. This does not prohibit reasonable manual steps that are taken for legitimate purposes (such as a manual review of trades that exceed certain risk thresholds or that meet certain criteria for regulatory purposes). Further, this prohibition does not apply to any steps that are taken prior to the time of trade that do not have the effect of delaying the subsequent reporting of such trade.

It is important to note that a manual step added to the trade execution or reporting process that may have only a nominal or pretextual purpose other than qualifying a trade for the exception for manual trades, particularly where such purpose can be effectively fulfilled in an alternative manner that does not introduce such manual step into the trade execution or reporting process, may be viewed as being made for the purpose of qualifying for this exception within the meaning of Supplementary Material .02(a), depending on the facts and circumstances, and therefore prohibited.

E. Manual Trade Indicator

Rule G-14 RTRS Procedures Section (b)(iv) will, beginning on the effective date, require the report of a trade meeting the MSRB's definition for a trade

with a manual component under Section (d)(xii) of Rule G-14 RTRS Procedures, to append a new trade indicator to such a trade report indicating that the trade has a manual component. This indicator is mandatory for every trade that meets the standard to append the indicator,³³ regardless of whether the trade is actually reported within one minute after the Time of Trade, is reported within the applicable timeframe under the manual trade exception or is otherwise subject to another reporting exception.³⁴

F. Pattern or Practice of Late Trade Reporting; Exceptional Circumstances or Reasonable Justification

Rule G-14 RTRS Procedures Section (a)(iv) currently requires that transaction data that is not submitted in a timely and accurate manner must be submitted or corrected as soon as possible—even when a dealer is late in reporting a trade, the dealer remains obligated to report such trade as soon as possible. The rule amendments modify this provision to further provide that any transaction that is not reported within the applicable time period shall be designated as late.³⁵ A pattern or practice of late reporting without exceptional circumstances or reasonable justification may be considered a violation of Rule G-14.

A dealer that complies with the requirement under Rule G-14 RTRS Procedures Section (a)(ii) to report trades as soon as practicable and with Supplementary Material .03 relating to policies and procedures for complying with the as soon as practicable reporting requirement could, under circumstances where a trade cannot be reported within the required one-minute timeframe, consider whether any exceptional circumstances or

³³ Rule G-14 RTRS Procedures Section (a)(iv) requires that transaction data that is not submitted in a timely and accurate manner must be submitted or corrected as soon as possible. The manual trade indicator is not intended to be used to reflect the manual nature of any correction to a prior trade report; rather the use of the indicator is driven solely by whether or not the initial trade had a manual component.

³⁴ The manual trade indicator will be used for regulatory purposes only and will not be included in the trade data disseminated to the public through the EMMA website and subscription feeds.

³⁵ Late trade designations are currently, and will continue to be, available to regulators and, through MSRB compliance tools, to the dealer submitting the late trade. See Section 2.9 of the Specifications for Real-Time Reporting of Municipal Securities Transactions in connection with error codes currently generated by RTRS with respect to late trade reports. The trade data disseminated to the public through the EMMA website and subscription feeds does not currently and will not have appended to it a late report indicator nor an indicator of which deadline was applicable (other than the indicators currently published).

reasonable justification may apply to the particular reporting scenario. The determination of whether exceptional circumstances or reasonable justification exist for late trade reporting is dependent on the particular facts and circumstances and whether such circumstances are addressed in the dealer's systems and procedures. Dealers bear the burden of proof related to such exceptional circumstances or reasonable justification.

For example, failures or latencies of MSRB, third-party or internal systems used to submit trade information generally constitute exceptional circumstances or reasonable justification, particularly where such incident is outside of the reasonable control of the dealer and could not be resolved by the dealer within the applicable reporting timeframe. However, dealers must have sufficiently robust systems with adequate capability and capacity to enable them to report in accordance with Rule G-14; thus, recurring systems issues in a dealer's or a vendor's systems will not be considered reasonable justification or exceptional circumstances to excuse a pattern or practice of late trade reporting. As another example, unusual market conditions, such as extreme volatility in a security or in the market as a whole, can constitute exceptional circumstances. In addition, a dealer may have reasonable justification for late trade reporting where it is executing a bid list that includes a large number of distinct securities that cannot reasonably be reported within the applicable timeframe. These three examples do not represent the only potential situations that could constitute exceptional circumstances or reasonable justification.

As noted above, to the extent trades are fully automated—both the execution and the trade reporting—the manual trade indicator will not apply and should not be used, and the exception for trades with a manual component also will not apply. However, the MSRB understands that systems processing limitations may sometimes prevent certain fully automated trades to be reported within one minute, such as for trades involving large post-trade automated allocations, portfolio trades, trades involving batch processing, and trades where multiple systems are involved in a trade workflow. The analysis of scenarios related to fully automated trades is likely to be highly fact specific.

The pattern or practice approach to determining rule violations takes into consideration factors such as the complexity of the trade, differences in market segments, differences in the execution of trades of varying types of municipal securities products, impediments to use of straight through processing and electronic trading venues, the nature and purpose of any manual steps involved in the execution and reporting of transactions with a manual component, the existence of systems and procedures that provide

for reporting timeliness and any other relevant factors to determine if a rule violation has occurred.

Thus, depending on the facts and circumstances of a particular scenario, and assuming the dealer is otherwise reporting as soon as practicable, reasonable justification may exist for why a dealer was unable to timely report. Because this is a facts and circumstances determination, no exhaustive list of examples is possible; rather, dealers should document the circumstances giving rise to such delays and consider potential alternatives for reasonable ways to improve the timing of trade reporting under such circumstances. Dealers are reminded of the overarching obligation to report trades as soon as practicable in light of the effects of such circumstances or justification. Thus, if such circumstances or justification exist, dealers must act in good faith and consistent with the obligation to report the trade as soon as practicable, even if not within the applicable one-minute timeframe. The failure to report such trades as soon as practicable could be a factor weighing against the determination of whether the exceptional circumstances or reasonable justification provisions of the rule amendments will be available to a dealer making such late reports.

While this approach recognizes that there may be legitimate situations involving exceptional circumstances or reasonable justification in which trades may not be reported within the required time limit, dealers are reminded of the overarching obligation to report trades as soon as practicable in light of the effects of such circumstances or justification. As a result, all dealers should consider the types of transactions in which they regularly engage and whether they can reasonably reduce the time between a transaction's Time of Trade and its reporting, and more generally should make a good faith effort to report their trades as soon as practicable.

The MSRB expects that the regulatory authorities that examine dealers and enforce compliance with the reporting timeframes established under Rule G-14 RTRS Procedures will focus their examination for and enforcement of the rule's timing requirements on the consistency of timely reporting and the existence of effective controls to limit late reporting to exceptional circumstances or where reasonable justification exists for a late trade report, rather than on individual late trade report outliers. Notwithstanding such expectation, where facts and circumstances indicate that an individual late report was intentional or otherwise egregious, or could reasonably be viewed as potentially giving rise to an associated fair practice, fair pricing, best execution or other material regulatory concern under MSRB or Commission rules with respect to that or a related transaction, the regulatory authorities could reasonably determine to take action with respect to such late trade in the examination or enforcement context.

G. Timing of Trade Comparison

The rule amendments revised the timing for submitting for comparison inter-dealer trades eligible for comparison with DTCC under Rule G-12(f)(i), which will, beginning on the effective date, require that each transaction effected during the RTRS Business Day must be submitted for comparison as soon as practicable, but no later than one minute after the Time of Trade unless an exception applies.

September 20, 2024

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Text of Amendments*

Rule G-14: Reports of Sales or Purchases

(a) - (b) No change.

Rule G-14 RTRS Procedures

(a) General Procedures.

(i) No change.

(ii) Transactions effected with a Time of Trade during the hours of the RTRS Business Day shall be reported as soon as practicable but no later than ~~within 15 minutes of~~ one minute after the Time of Trade to an RTRS Portal except in the following situations:

(A) End of Trade Day Reporting Exceptions.

~~(A) (1)~~ (1) "List Offering Price/Takedown Transaction," as defined in paragraph (d)(vii) of Rule G-14 RTRS Procedures, shall be reported by the end of the day on which the trade is executed.

~~(B) (2)~~ (2) A dealer effecting trades in short-term instruments maturing in nine months or less, variable rate instruments that may be tendered for purchase at least as frequently as every nine months, auction rate products for which auctions are scheduled to occur at least as frequently as every nine months, and commercial paper maturing or rolling-over in

* Underlining indicates new language; strikethrough denotes deletions.

nine months or less shall report such trades by the end of the RTRS Business Day on which the trades were executed.

~~(C)~~ (3) A dealer reporting an “away from market” trade as described in Section 4.3.2 of the Specifications for Real-Time Reporting of Municipal Securities Transactions shall report such trade by the end of the day on which the trade is executed.

(B) Post-Trade Day Reporting Exceptions.

~~(D)~~ (1) A dealer reporting an inter-dealer “VRDO ineligible on trade date” as described in Section 4.3.2 of the Specifications for Real-Time Reporting of Municipal Securities Transactions shall report such trade by the end of the day on which the trade becomes eligible for automated comparison by a clearing agency registered with the Commission.

~~(E)~~ (2) A dealer reporting an inter-dealer “resubmission of an RTTM cancel” as described in Section 4.3.2 of the Specifications for Real-Time Reporting of Municipal Securities Transactions shall resubmit identical information about the trade cancelled by the end of the RTRS Business Day following the day the trade was cancelled.

(C) Intra-Day Trade Reporting Exceptions

(1) A dealer with “limited trading activity” as defined in paragraph (d)(xi) of Rule G-14 RTRS Procedures must report its trades within the time period specified in Supplementary Material .01 of this rule.

(2) A dealer reporting a “trade with a manual component” as defined in paragraph (d)(xii) of Rule G-14 RTRS Procedures must report the trade within the time periods specified in Supplementary Material .02 of this rule.

(iii) Transactions effected with a Time of Trade outside the hours of the RTRS Business Day, or transactions that are inter-dealer “invalid RTTM trade date” as described in Section 4.3.2 of the Specifications for Real-Time Reporting of Municipal Securities Transactions, shall be reported no later than 15 minutes after the beginning of the next RTRS Business Day.

(iv) Transaction data that is not submitted in a timely and accurate manner in accordance with these Procedures shall be submitted or corrected as soon as possible. Transactions not reported within the specified timeframe will be designated as “late.” A pattern or practice of late reporting without exceptional circumstances or reasonable justification may be considered a violation of this rule.

(v) - (vi) 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~~ described, and in the manner specified, therein and as follows:-

(A) Conditionally Optional Special Indicators. The following ~~Special~~ special condition indicators designated as “optional” in Section 4.3.2 of the these Specifications for Real-Time Reporting of Municipal Securities Transactions are nonetheless required for the Submitter to obtain the corresponding ~~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, including:

(1) a “short term instrument exception” indicator for transactions identified in paragraph (a)(ii)(A)(2) of Rule G-14 RTRS Procedures; and

(2) an inter-dealer “resubmission of an RTTM cancel” indicator for resubmission of transactions identified in paragraph (a)(ii)(B)(2) of Rule G-14 RTRS Procedures.

(B) Mandatory Special Condition Indicators. All other special condition indicators are mandatory regardless of whether the Submitter seeks to obtain an available extended reporting deadline, including:

(1) the List Offering Price/Takedown Transaction indicator for transactions identified in paragraph (a)(ii)(A)(1) of Rule G-14 RTRS Procedures;

(2) an “away from market” indicator for transactions identified in paragraph (a)(ii)(A)(3) of Rule G-14 RTRS Procedures;

(3) an inter-dealer “VRDO ineligible on trade date” indicator for transactions identified in paragraph (a)(ii)(B)(1) of Rule G-14 RTRS Procedures;

(4) a “trade with a manual component” indicator for transactions identified in paragraph (a)(ii)(C)(2) of Rule G-14 RTRS Procedures;

(5) a “traded flat” indicator for securities traded on terms that do not include accrued interest as described in the RTRS Users Manual in Section 4.3.2 of the Specifications for Real-Time Reporting of Municipal Securities Transactions;

(6) an “alternative trading system transaction” indicator for transactions defined in paragraph (d)(ix) of Rule G-14 RTRS Procedures; and

(7) a “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) - (x) No change.

(xi) A dealer with “limited trading activity” is a dealer that, during at least one of the prior two consecutive calendar years, reported to an RTRS Portal fewer than 2,500 purchase or sale transactions with customers or other dealers, excluding transactions exempted under Rule G-14(b)(v) and transactions specified in Rule G-14 RTRS Procedures paragraph (a)(ii)(A)–(B).

(xii) A “trade with a manual component” means for the purposes of this rule a transaction that is manually executed or where the dealer must manually enter any of the trade details or information necessary for reporting the trade directly into an RTRS Portal or into a system that facilitates trade reporting to an RTRS Portal.

Supplementary Material

.01 Exception from the One-Minute Reporting Requirement for Dealers with Limited Trading Activity. As described below, dealers with “limited trading activity” are excepted from the one-minute reporting requirement of this rule.

(a) A dealer relying on the exception in this Supplementary Material .01 shall confirm on an annual basis that it meets the criteria for a dealer with “limited trading activity” as set forth in paragraph (d)(xi) of Rule G-14 RTRS Procedures. If a dealer no longer meets these criteria as of the beginning of a calendar year, such dealer must comply with the one-minute reporting requirement of Rule G-14 RTRS Procedures paragraph (a)(ii) on and after April 1 of such calendar year.

(b) Except for a transaction qualifying for an exception from the one-minute reporting requirement pursuant to Rule G-14 RTRS Procedures paragraph (a)(ii)(A)–(B), a dealer reporting a transaction in reliance on the exception for dealers with “limited trading activity” in this Supplementary Material .01 must report the transaction as soon as practicable but no later than 15 minutes after the Time of Trade.

.02 Exception from the One-Minute Reporting Requirement for Manual Trades. As described below, a dealer is excepted from the one-minute reporting requirement of this rule with respect to a “trade with a manual component”.

(a) In no event may a dealer purposely delay the execution of an order, introduce any manual steps following the Time of Trade, or otherwise modify any steps to execute or report the trade by handling a trade manually to delay reporting if such actions are for the purpose of claiming this exception.

(b) Except for a transaction qualifying for another exception from the one-minute reporting requirement pursuant to RTRS Procedures paragraph (a)(ii)(A)–(B) or (a)(ii)(C)(1), a dealer relying on the exception for a “trade with a manual component” in this Supplementary Material .02 must report the transaction as soon as practicable but not later than within the applicable time period set forth below:

(i) 15 Minutes. For a period of one calendar year from the effective date of this Supplementary Material .02, the transaction must be reported no later than 15 minutes after the Time of Trade;

(ii) 10 Minutes. For the second and third calendar years from the effective date of this Supplementary Material .02, the transaction must be reported no later than 10 minutes after the Time of Trade; or

(iii) 5 Minutes. Following the conclusion of the third calendar year from the effective date of this Supplementary Material .02, the transaction must be reported no later than 5 minutes after the Time of Trade.

.03 Policies and Procedures For Complying With As Soon As Practicable Reporting Requirement.

(a) Each dealer with an obligation to report a transaction “as soon as practicable” pursuant to Rule G-14 RTRS Procedures must adopt policies and procedures reasonably designed to comply with the “as soon as practicable” standard by implementing systems that commence the trade reporting process without delay upon execution. Where a dealer has reasonably designed policies, procedures and systems in place, the dealer generally will not be viewed as violating the “as soon as practicable” requirement because of delays in trade reporting due to extrinsic factors that are not reasonably predictable and where the dealer does not purposely intend to delay the reporting of the trade. Dealers must not purposely withhold trade reports, for example, by programming their systems to delay reporting until the last permissible minute or by otherwise delaying reports to just before the deadline if it would have been practicable to report such trades more rapidly.

(b) Because the trade reporting process for trades with a manual component may not be completed as quickly as, for example, where an automated trade reporting system is used, it is expected that the regulatory authorities that enforce and examine dealers for compliance with the “as soon as practicable” requirement will take into consideration the manual nature of the dealer's trade reporting process in determining whether the dealer's policies and procedures are reasonably designed to report the trade “as soon as practicable” after execution.

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Rule G-12: Uniform Practice

(a) - (e) No change.

(f) Use of Automated Comparison, Clearance, and Settlement Systems

(i) Notwithstanding the provisions of sections (c) and (d) of this rule, an Inter-Dealer Transaction Eligible for Comparison by a Clearing Agency Registered with the Commission (registered clearing agency) shall be compared through a registered clearing agency. Each party to such a transaction shall submit or cause to be submitted to a registered clearing agency all information and instructions required from the party by the registered clearing agency for automated comparison of the transaction to occur. Each transaction effected during the RTRS Business Day shall be submitted for comparison within 15 minutes as soon as practicable but no later than one minute after ~~of~~ the Time of Trade, unless the transaction is subject to an exception specified in the Rule G-14 RTRS Procedures paragraph (a)(ii), in which case it shall be submitted for comparison in the time frame ~~specified~~ described in the Rule G-14 RTRS Procedures

paragraph (a)(ii). Transactions effected outside the hours of an RTRS Business Day shall be submitted no later than 15 minutes after the beginning of the next RTRS Business Day. In the event that a transaction submitted to a registered clearing agency for comparison in accordance with the requirements of this paragraph (i) shall fail to compare, the party submitting such transaction shall, as soon as possible, use the procedures provided by the registered clearing agency in connection with such transaction until such time as the transaction is compared or final notification of a failure to compare the transaction is received from the contra-party. A broker, dealer or municipal securities dealer ("dealer") that effects inter-dealer transactions eligible for comparison by a clearing agency registered with the Commission shall ensure that submissions made against it in the comparison system are monitored for the purpose of ensuring that correct trade information alleged against it is acknowledged promptly and that erroneous information alleged concerning its side of a trade (or its side of a purported trade) is corrected promptly through the procedures of the registered securities clearing agency or the MSRB.

(ii) - (iv) No change.

(g) - (j) No change.

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IF-1: Real-Time Transaction Reporting and Price Dissemination (The “Real-Time Transaction Reporting System” or “RTRS”)

RTRS Functionality

Lateness Checking. The time taken to report the trade is measured by comparing the ~~€~~Time of ~~€~~Trade reported by the dealer with the timestamp assigned by RTTM or RTRS. The submitter ~~may~~ ~~has the option~~ ~~to~~ include an appropriate indicator in the trade report, that shows that the submitter believes an extended reporting deadline set forth in Rule G-14 applies to the trade report, otherwise RTRS assesses each trade for timeliness by comparing the timestamp against the applicable 15-minute reporting deadline and any exceptions specified by ~~provided for in~~ Rule G-14. Trade reports not received by the ~~appropriate~~ applicable reporting deadline are considered late. If a trade is reported late, an error message indicating this fact is sent to the submitter. RTRS produces statistics on dealer performance related to the timely submission of transactions and timely correction of errors and provides these statistics to dealers, as well as to regulators.

Transaction Dissemination by RTRS

No change.

MSRB Real-Time Transaction Data Subscription Service

No change.

MSRB Comprehensive Transaction Data Subscription Service

No change.

MSRB Historical Transaction Data Product

No change.

MSRB Academic Historical Transaction Data Product

No change.