

Bond Case Briefs

Municipal Finance Law Since 1971

Here's How Much Your Broker Makes When You Buy a Bond.

- **As of May 14, broker-dealers must disclose the “transaction costs” customers pay when buying and selling corporate and municipal bonds.**
- **A 2007 study found that retail investors trading \$20,000 of municipal bonds faced an average transaction cost of 2 percent.**
- **So-called “mark-ups” and “mark-downs” imposed by your brokerage firm are reflected in the price you pay for bonds.**

Let's be honest: Do you actually know much your broker earns when you put in an order to buy a municipal bond?

You'll be able to answer that question today. Starting on May 14, broker-dealers will need to disclose mark-ups and mark-downs they charge on bonds bought and sold to retail investors on the same trading day.

Firms will also have to tell customers the time they executed the trade and provide a reference and a hyperlink to a page detailing the publicly available trading data for the bond.

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CNBC

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