

# **Bond Case Briefs**

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## **FINRA Fines Tradeweb Direct \$65,000 for Violating MSRB Rule.**

Tradeweb Direct has been censured and fined \$65,000 by the Financial Industry Regulatory Authority for violating a municipal securities rule by failing to include a required indicator when reporting nearly 146,000 municipal securities transactions.

In a letter signed Feb. 27 by its chief risk officer, Tradeweb accepted and consented to FINRA's findings without admitting or denying them. FINRA accepted the document on March 4.

New York-based Tradeweb operates an alternative trading system for trading fixed income securities and "executes orders in a riskless principal capacity on behalf of its institutional customers with other dealers," the letter said.

According to the letter, Tradeweb violated Municipal Securities Rulemaking Board Rule G-14, which details transaction reporting requirements for municipal securities.

From April 11, 2022 through Jan. 19, 2023, the firm violated Rule G-14 by failing to include the Non-Transaction-Based Compensation indicator ? or the NTBC indicator for short ? when reporting 145,898 municipal securities transactions to the MSRB's Real-Time Transaction Reporting System, according to the document.

"Rule G-14 RTRS Procedures (b)(iv) requires firms to report the applicable 'special condition indicators' for '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,'" the letter said.

One special condition indicator Section 4.3.2 describes is the NTBC indicator, the letter said.

"This indicator is mandatory for customer trades that do not include a mark-up, mark-down, or commission," the letter said. "The NTBC indicator improves price transparency by distinguishing between transaction prices that include some form of transaction-based dealer compensation and those that do not."

Tradeweb's failure to report the special condition indicator stemmed from a technical error linked to the firm's transition to a new clearing firm in April 2022, the letter said.

"Tradeweb Direct is committed to timely and accurate reporting, and we are pleased to have this matter resolved," a Tradeweb spokesman said.

By Kathie O'Donnell

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