

Chapman Client Alert

February 20, 2017

Current Issues Relevant to Our Clients

FINRA Rule Changes Requiring Bond Mark-ups/Mark-downs on Trade Confirmations to Become Effective May 14, 2018

The Financial Industry Regulatory Authority, Inc. (“FINRA”) announced the effective date of amendments to FINRA Rule 2232 requiring firms to disclose additional transaction-related information for certain fixed income securities principal transactions with retail customers. These amendments will become effective on May 14, 2018 which is the same effective date as the Municipal Securities Rulemaking Board’s (“MSRB”) parallel new confirmation disclosure requirements. A copy of the FINRA notice is available [here](#). For more information on the new FINRA and MSRB disclosure requirements and rulemaking process, see our client alerts available [here](#) and [here](#).

The amended FINRA and MSRB rules will require a mark-up or mark-down to be shown as both a total dollar amount and as a percentage of the prevailing market price. A trade confirmation will also have to include the execution time to the second and a reference (and hyperlink if the confirmation is electronic) to trade-price data in the security from FINRA’s Trade Reporting and Compliance Engine (TRACE) website or the MSRB’s Electronic Municipal Market Access (EMMA) website. The disclosure requirements will generally not apply to securities acquired in a fixed-price offering or list offering price transaction, as defined under FINRA and MSRB rules, respectively. The revised MSRB requirement also does not apply to municipal fund securities, such as 529 college savings plans.

[For More Information](#)

To discuss any topic covered in this Client Alert, please contact a member of the Investment Management Group or visit us online at chapman.com.

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