

I. Statement of Purpose

The Steering Committee ("Committee") is a standing committee of the Board of Directors ("Board"). The purpose of the Committee is to assist it in the administration of Board responsibilities and in implementation of the policy decisions of the Board.

The Committee is responsible for assisting the Board with: (i) developing the strategic direction of the organization, including guiding management with preparing and carrying out the organization's strategic plan, annual operating plan, and key performance indicators, as reviewed and recommended by the Committee and approved by the Board; (ii) market leadership and outreach initiatives; (iii) fulfilling its oversight responsibility relating to the Chief Executive Officer's annual performance review and compensation; and (iv) oversight of organizational performance. It will also be responsible for coordinating committee and advisory group activities. It is the general intention that all substantive matters in the ordinary course of business be brought before the full Board for action, but the Board recognizes the need for flexibility to act on substantive matters where, in the opinion of the Board Chair, expedited action may be necessary between Board meetings. All action by the Steering Committee shall be reported to the Board at its next regularly scheduled meeting or conference call, and shall be subject to revision and alteration by the Board.

II. Organization

A. Charter

At least annually, this charter shall be reviewed and reassessed by the Committee and any proposed changes shall be submitted to the Board for approval.

B. Members

The members of the Committee shall be appointed by the Board Chair in compliance with the Board's Policies and Procedures Section 6.1. The Chair of the Committee shall be the Board Chair, and its members shall be the chairs of each standing committee and the Board Vice Chair; provided, however, that if there is not at least one broker-dealer or bank dealer member, at least one public member and at least one municipal advisor member on the Committee, the Board Chair shall appoint such additional members to the Committee from the full Board. At least one Committee member shall have served on the Committee in the prior fiscal year. There shall be a public majority of no more than one member, and there shall be no more than seven Committee members. The Board Chair may appoint one at-large Board member as a non-voting member of the Committee to serve in an advisory capacity. Such non-voting member shall not be considered a member for purposes of the seven-member maximum of the Committee. Voting members include the Board Chair, the chairs of each standing committee and two other members of the Steering Committee, as selected by the Board Chair. The Vice Chair of the Board may be a voting or non-voting member of the Committee and, in the case in which the Vice Chair is a non-voting member of the Committee, shall be entitled to vote on behalf of the

Board Chair in his or her absence. The Vice Chair shall be the Committee Chair *pro tem* in the absence of the Board Chair. The Chief Executive Officer shall serve as staff liaison to the Committee.

C. *Meetings*

In order to discharge its responsibilities, the Committee shall meet as often as is necessary to carry out its responsibilities. The Board Chair shall set the frequency and length of each meeting and the agenda of items to be addressed at each upcoming meeting.

D. *Quorum and Voting*

The quorum necessary for the transaction of business at Committee meetings will be a majority of the members of the Committee. All determinations of the Committee must be approved by at least the number of members required to constitute a quorum.

E. *Agenda, Summaries and Reports*

To the extent feasible, an agenda, together with materials relating to the subject matter of each meeting, shall be sent to members of the Committee prior to each meeting. Summaries for all meetings of the Committee shall be prepared to document the Committee's discharge of its responsibilities. The summaries shall be considered and approved by the Committee. Reports of meetings of the Committee shall be made to the Board at its next regularly scheduled meeting or conference call following the Committee meeting accompanied by any action taken by the Committee.

F. *Access to Records, Consultants and Others*

The Committee shall have full authority (i) to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Municipal Securities Rulemaking Board (MSRB); (ii) to retain, terminate and set the compensation of outside legal, accounting or other consultants to advise the Committee; and (iii) to request any officer or employee of the MSRB, the MSRB's outside counsel, or other consultant to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. The Committee Chair shall advise the Finance Committee and the Chief Financial Officer of the outside work being contemplated as well as the expected resource needs. If the project is unbudgeted and expected to exceed \$25,000, then the Finance Committee and the Chief Financial Officer should be notified prior to the Committee Chair obligating resources. The Committee is encouraged to rely on the MSRB internal legal counsel to ensure that the planned use of outside experts does not violate the Code of Ethics and Business Conduct, and for legal contract review and negotiation. The Committee Chair shall provide the Chief Financial Officer with the agreement for services for any outside consultants that are retained to advise the Committee.

III. **Responsibilities**

A. *Chief Executive Officer Annual Review and Organizational Performance*

In accordance with Section 1.7 of the Board's Policies and Procedures, the Committee shall assist the Board with conducting an annual review of the performance and compensation of the

Chief Executive Officer and a review of the overall performance of the organization prior to the conclusion of the fiscal year. Based on the review and discussion of these matters, the Committee shall recommend to the Board the appropriate level of funding for the Success Sharing Plan, discussed in Exhibit L of the Board's Policies and Procedures, and the compensation level of the Chief Executive Officer. The Committee may take into account, as it deems appropriate, the salaries paid to similar professionals working in similar organizations, as well as the recommendation of any salary consultant that may be engaged with regard to the compensation of the Chief Executive Officer. The Board Chair and the Committee shall recommend for Board approval the terms of any contractual compensation arrangements and may make such other related recommendations as it sees fit with respect to the Chief Executive Officer's annual review and total compensation.

B. Actions between Board Meetings

The Committee may review and provide input into the development of the strategic plan, provide guidance regarding standing committee and advisory group activities, provide guidance regarding Board positions in areas of market concern and generally serve as a sounding board for the Board Chair on emerging issues, problems or initiatives. The Committee shall not, however, have authority to fill vacancies on the Board, fix the compensation of Board members, amend the organization's Articles of Incorporation, amend or repeal the organization's By-laws, amend or rescind previous resolutions adopted by the Board, perform any function delegated by the Board to another standing committee, or promulgate rules.

C. Strategic Planning

The Committee shall assist with the development of the organization's strategic direction with input from the Board and to oversee and guide staff with the preparation and management of the organization's strategic plan, annual operating plan, and the key performance indicators. Specifically, the Committee shall review and recommend the plans and indicators for approval by the Board and refine and monitor the implementation, by staff, of the plans and indicators, as necessary.

D. Succession Planning

The Committee shall review and monitor management succession planning for the Chief Executive Officer and other key positions within the organization.

E. Other Delegated Responsibilities

The Committee shall also carry out such other duties as may be delegated to it by the Board from time to time.

F. Committee Performance Evaluation

The Committee shall annually review its own performance.