

I. Statement of Purpose

The Governance Committee (“Committee”) is a standing committee of the Board of Directors (“Board”) of the Municipal Securities Rulemaking Board (MSRB). The purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities regarding the effectiveness of the Board’s corporate governance system. The Committee is responsible for: (i) overseeing corporate governance policies and practices applicable to the Board; (ii) monitoring and reviewing the structures of the Board and its committees; (iii) overseeing the evaluation of the Board; and (iv) fulfilling the other responsibilities set out herein.

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 five members of the Committee shall be appointed by the Board Chair in compliance with Section 6 of the Board’s Policies and Procedures. A majority of the Committee members must be public members of the Board and a Committee Chair shall be appointed by the Board Chair from among the public Committee members. At least one Committee member shall have served on the Committee in the prior fiscal year.

C. Meetings

In order to discharge its responsibilities, the Committee shall each year establish a schedule of meetings; additional meetings may be scheduled as required. The Committee may delegate any of its functions to a member or subcommittee of the Committee, which member or subcommittee shall report to the Committee on its activities, determinations and recommendations.

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

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. The Committee shall make regular reports to the Board.

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 MSRB; (ii) to retain, terminate and set the compensation of outside legal, accounting, director compensation 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. *Corporate Governance*

The Committee shall monitor corporate governance developments, best practices for corporate governance and further the effectiveness of the Board's corporate governance practices. The Committee shall review and recommend to the Board for approval, any corporate governance reports that may in the future be required or recommended for inclusion in public disclosure documents of the MSRB or otherwise. The Committee shall review and assess the corporate governance practices of the Board, as needed, and its Policies and Procedures at least every three years and recommend any proposed changes to the Board for approval. Additionally, the Committee shall oversee the Board's governing documents including, but not limited to, the Articles of Incorporation, By-Laws and standing committee charters.

B. *Board and Committees*

At appropriate intervals and as necessary, the Committee shall review: (i) the adequacy of the charters for each committee; (ii) the composition of the Board and the committees; (iii) the mandate, scope, duties and responsibilities of those committees; and (iv) compensation and benefit levels for the Board officers and members and standing committee chairs of the MSRB. The Committee will recommend to the Board for its approval any proposed changes in connection with any of these areas resulting from such review.

C. *Evaluation of Board Performance*

The Committee shall establish procedures relating to the annual evaluation of the Board and follow those procedures in conducting such evaluations.

D. *Processes for Evaluating CEO Leadership and Corporate Culture*

At appropriate intervals and as necessary, the Committee shall review the MSRB's processes for evaluating CEO leadership and corporate culture, including staff and Board surveys, to ensure that they are coordinated, effective and efficient.

E. *Conflicts of Interest*

The Committee shall investigate any potential conflict of interest brought to its attention involving a candidate for the Board or a member of the Board and make a recommendation to the Board for resolution.

F. *Board Education*

The Committee shall oversee new Board member orientation, continuing education and training, and the transitions between Boards.

G. *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.

H. *Committee Performance Evaluation*

The Committee shall annually review its own performance