



Fiscal Year 2025 Budget

For the Fiscal Year Beginning October 1, 2024

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Dear Stakeholders,

As MSRB begins its fiscal year 2025, we are pleased to share that our Board approved a \$48.8 million budget to advance our mission to protect investors, issuers and the public interest. This budget represents a relatively modest increase of approximately 2.9% over the prior year and provides the necessary funds to modernize our rulebook and engage in key regulatory initiatives, while also making strategic investments in technology and data to promote the transparency and efficiency of the \$4 trillion municipal securities market.


Over the past year, we've welcomed the opportunity for increased dialogue with our stakeholders through a series of industry town hall meetings focused on our budget that included broker-dealers, municipal advisors, investors, issuers and other market participants. These town halls not only helped to inform and enhance our budgeting process, but also how we communicate our budget and regulatory priorities to the public. We have taken to heart stakeholder requests for more clarity around our budget, particularly regarding our investments in technology, which represent our largest expense and approximately half of our annual budget. We've reorganized our technology functions into more discrete units, which enabled us to provide more relevant budgetary information about these functions. We hope that the additional detail provided in this report continues to bolster confidence and trust in MSRB's commitment to financial stewardship and stakeholder engagement.

When Congress established MSRB as a self-regulatory organization, it created a budgetary funding model that relied on fees paid by regulated entities as opposed to appropriations from the federal government. We recognize and uphold our commitment to maintaining reasonable fees that are necessary or appropriate to advance our congressional mandate. To this end, MSRB plans to issue a Request for Information (RFI) to inform the ongoing review of our rate card model and fee setting process. As we shared at the town halls, MSRB understands the importance of establishing fair and equitable fees for the entities that we regulate.

In 2025, MSRB will celebrate its 50th anniversary, and we look forward to sharing our reflections on the history and evolution of our market over the last five decades. After all, giving America the confidence to invest in our communities through the municipal securities market remains our vision and highest priority, and together with stakeholders and the public we serve, we look forward to doing just that in 2025 and beyond.

Sincerely,


Warren "Bo" Daniels, Board Chair


Mark Kim, President & CEO

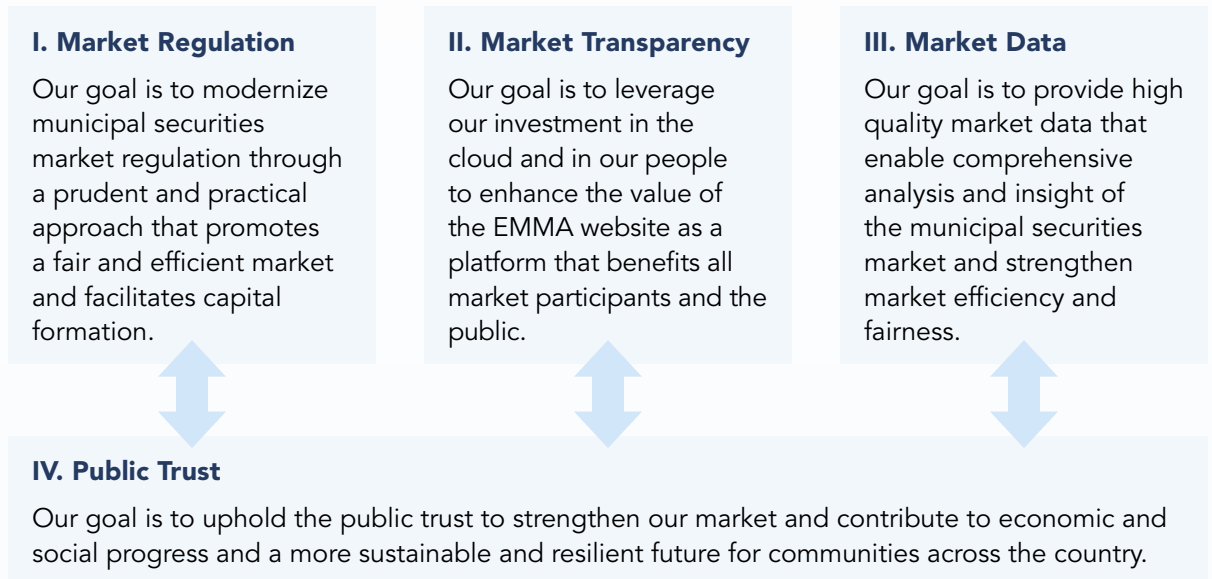
MSRB Funding Philosophy and Considerations

The development of MSRB's annual budget is guided by key considerations in service of MSRB's [Vision, Mission and Values](#). The following funding philosophy and considerations guide MSRB Board of Directors, its Finance Committee and staff in a sound and disciplined budgeting process.

Funding MSRB's Regulatory Mission and Strategic Goals

MSRB's highest priority is to fulfill its congressional mandate to protect investors, issuers and the public interest by promoting a fair and efficient market and ensuring access to capital for communities across the country. Guiding the organization is a multi-year strategic plan, which articulates a long-term strategy to deploy the tools of regulation, technology and data in impactful ways that strengthen the municipal securities market and serve the public interest. The development of MSRB's annual budget is guided by key considerations in service of MSRB's regulatory mission and strategic goals.

MSRB STRATEGIC GOALS

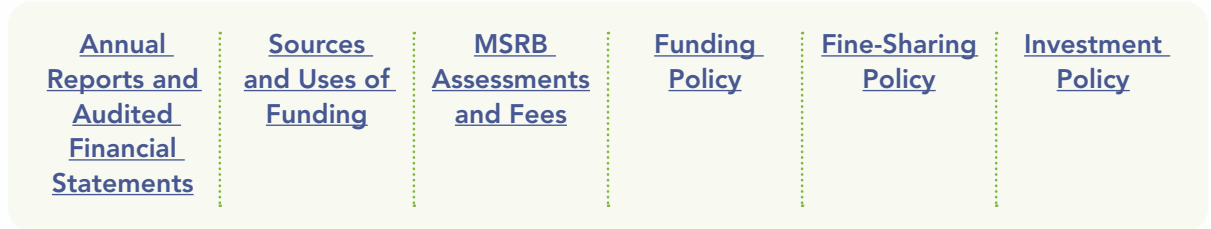


Fiscal Discipline and Responsibility

Strong fiscal discipline, a focus on responsible expense management and reasonable restraint in the growth rate of expenses over time, underpins the development of MSRB's annual budget. Considerations around the broader macroeconomic environment and municipal market are incorporated into MSRB's budget development process. When determining the resources needed to operate, MSRB considers the expected benefits to stakeholders, including investors, issuers and the public interest in promoting a fair and efficient municipal securities market.

Financial Transparency

MSRB meets the highest standards for financial transparency. In addition to publicly publishing its annual budget for the past seven years, MSRB makes the following financial information publicly available on its website:



Reserves Philosophy

MSRB maintains organizational reserves to ensure it has appropriate financial resources to support mission objectives, respond to regulatory requirements and pursue strategic opportunities. More importantly, organizational reserves enable MSRB to be fiscally prepared regardless of economic conditions by maintaining the requisite level of liquidity to fund ongoing operations and to ensure the long-term financial sustainability of the organization. The Board establishes the target reserves level by conducting a detailed and comprehensive analysis of the liquidity needs in four categories intended to align with the Board's funding policy objectives: working capital, risk reserves, strategic investment reserves and regulatory reserves. The Board reviews and refreshes the target reserves level each year as part of the annual budget process to respond to the organization's changing risks and needs.

Working capital and risk reserves reflect liquidity needs related to managing day-to-day operations and responding to unexpected negative budget impact events. Together, these two categories equate to the organization's operating reserves target, designed as an operational risk contingency reserve that represents less than half of MSRB's annual expense budget. Strategic investment and regulatory reserves reflect liquidity needs to fund major long-term objectives, initiatives and capital investments beyond the scope of the annual operating budget, as well as unfunded mandates or regulatory and technology initiatives that may reasonably arise. A portion of these funds is currently designated and being spent for the organization's multi-year systems modernization initiative that will conclude in 2025.

Financial Stewardship Through Effective Oversight

The Board of Directors approves MSRB's annual budget. In addition, the Finance Committee of the Board enhances the organization's financial stewardship by assisting the Board in fulfilling its oversight responsibilities relating to monitoring of financial performance and the budget process. Both the Board and Finance Committee comprise representatives knowledgeable about the municipal securities market, including public representatives and regulated representatives who provide insight on the potential value to stakeholders from MSRB activities and the potential burdens on regulated entities created by MSRB fees.

The Finance Committee in recent years has focused significant time and effort on monitoring the organization's overall expense trends and strategies, including focusing on key expense areas related to staff compensation and technology expenses.

MSRB Budget and Public Engagement

Providing MSRB's external stakeholders with a meaningful understanding of MSRB's budget, its development process and the considerations that flow into the next annual budget are core to MSRB's commitment to financial transparency and budgeting philosophy.

In FY 2024, MSRB created further opportunities to engage with external stakeholders and have meaningful discussions on MSRB's budget. MSRB hosted stakeholders in April 2024 to dive into the composition of MSRB's budget and begin to communicate MSRB technology-related expenses in a way that resonated with our stakeholders. MSRB also held meetings over the summer to inform the membership of trade organizations and representatives of fee-paying firms on the direction of MSRB's FY 2025 Budget. This engagement and stakeholder feedback directly informed the discussion MSRB provides in this FY 2025 Public Budget Report. Continued engagement on this topic is important to MSRB and its commitment to transparency.

FY 2025 Annual Budget

Budget summaries reflect management’s internal reporting framework and differ from U.S. generally accepted accounting principles (GAAP). Annual budgets are subject to change during the year as circumstances arise.

	FY 2025 Budget	FY 2024 Budget
Operating Expenses*	\$45,869,000	\$44,075,000
Capital Expenditures	2,920,000	3,317,000
Total Annual Budget Expenses	\$48,789,000	\$47,392,000
Total Annual Budget Revenues	\$49,556,200	\$47,350,000
Systems Modernization Initiative (Funded from Board Designated Systems Modernization Fund)	\$1,530,000	\$4,294,000

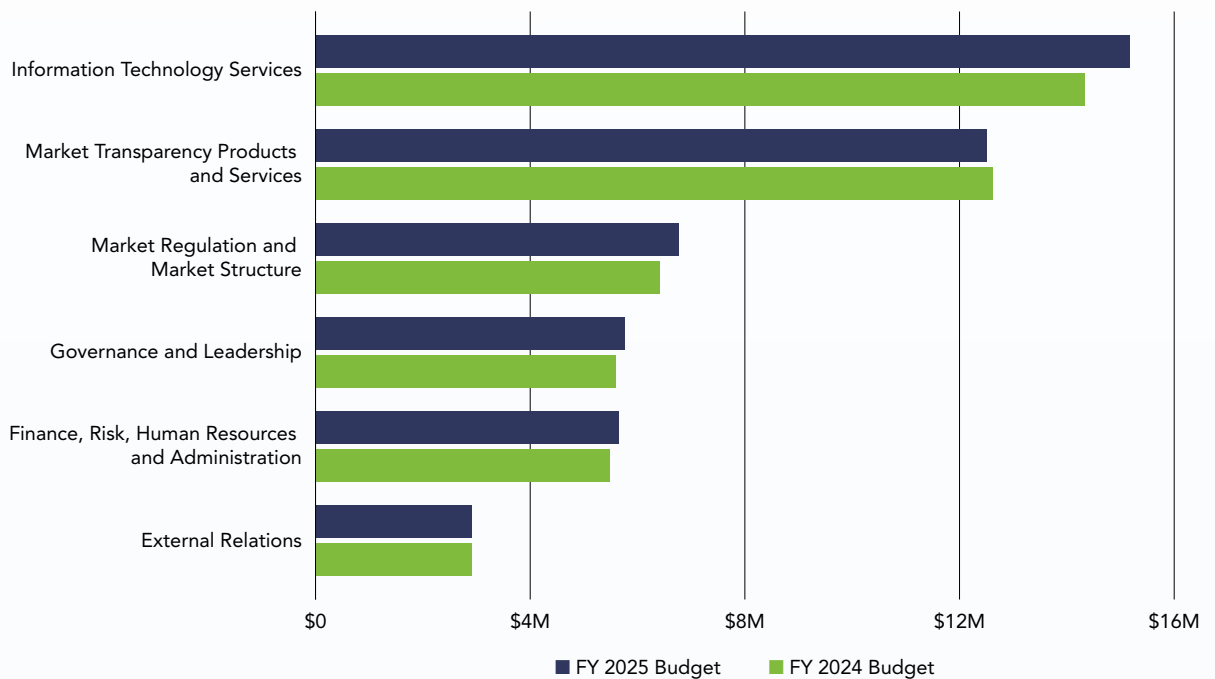
*Operating expenses exclude material non-cash expenses, including depreciation, and differ from U.S. generally accepted accounting principles (GAAP).

I. Expense Summary

Expenses by Activity	FY 2025 Budget	FY 2024 Budget*
Information Technology Services	\$15,183,000	\$14,340,000
Market Transparency Products and Services	12,517,000	12,627,000
Market Regulation and Market Structure	6,771,000	6,426,000
Governance and Leadership	5,757,000	5,591,000
Finance, Risk, Human Resources and Administration	5,650,000	5,488,000
External Relations	2,911,000	2,920,000
Total Annual Budget Expenses	\$48,789,000	\$47,392,000

*FY 2024 Budget restated to reflect changes in expense allocation between Information Technology Services and Market Transparency Products and Services to conform to FY 2025 Budget presentation.

FY 2025 VS FY 2024 BUDGETED EXPENSES BY ACTIVITY



Information Technology Services

The Information Technology Services team operates, maintains and enhances MSRB's technology infrastructure, ensuring secure and resilient systems for both the market and MSRB internal systems.

Market Transparency Products and Services

The Market Transparency Products and Services team develops, builds and maintains mission-driven market transparency and regulatory products that provide access to municipal market data and value-added services for all market participants and the public with the goal of promoting market intelligence, transparency, and efficiency.

Market Regulation and Market Structure

The Market Regulation team works to maintain a prudent and practical regulatory framework for the municipal market through rulemaking, regulatory coordination and enforcement support, and professional qualifications of municipal market professionals.

The Market Structure group provides research, economic analysis and expertise to inform MSRB regulatory and other activities and to assist market participants, policymakers and the public in developing a deeper understanding of the municipal securities market.

Governance and Leadership

The Board of Directors, in partnership with an executive team led by MSRB's CEO, is responsible for the overall management and governance of MSRB.

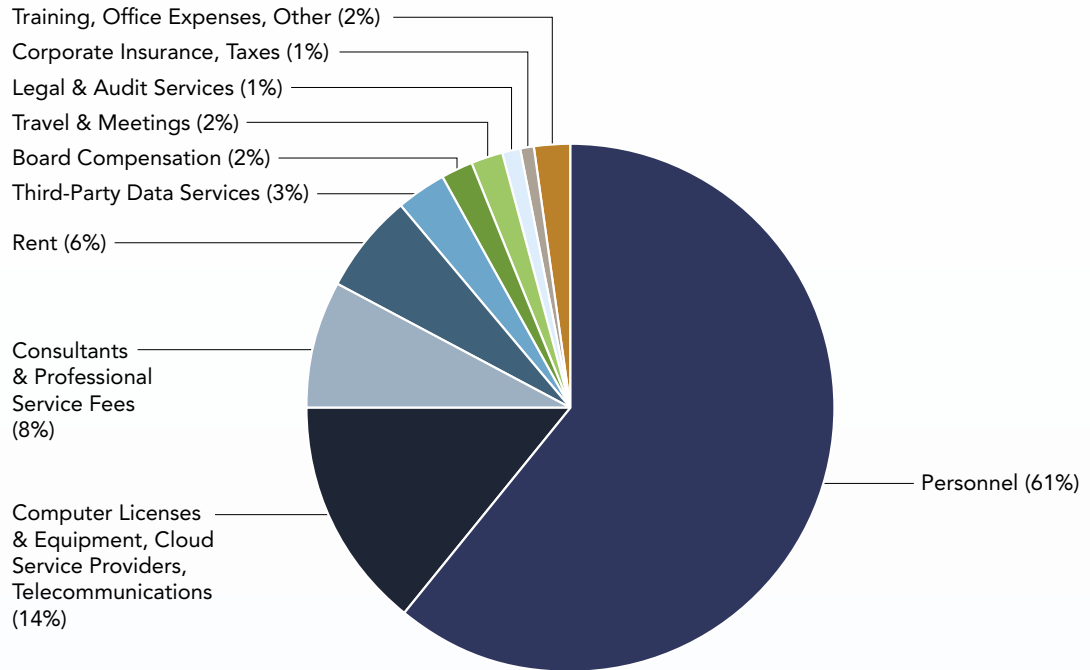
Finance, Risk, Human Resources and Administration

The Finance, Risk, Human Resources and Administration teams provide essential internal functions, including financial operations and transparency, effective internal controls and risk management, staff recruitment and professional development, and a safe and well-equipped work environment.

External Relations

The External Relations team builds the bridges that connect MSRB with its diverse community of stakeholders through communications, stakeholder engagement and education.

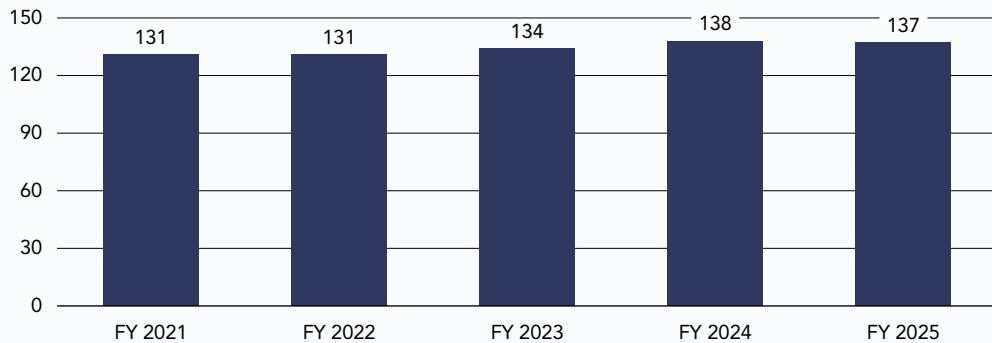
FY 2025 EXPENSE BUDGET BY CATEGORY



Staffing (Head Count)

MSRB’s largest expense area is personnel, accounting for 61% of the total budget for FY 2025. Staff are MSRB’s most important resource, and we have managed this expense area by keeping total organizational headcount essentially flat compared to FY 2024 and a modest increase of less than 5% over a five-year period.

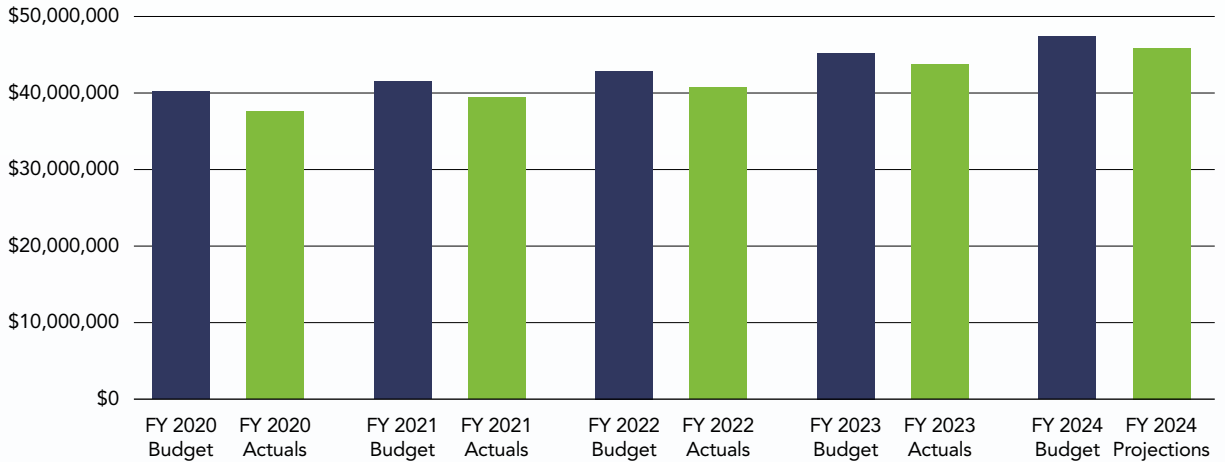
BUDGETED HEADCOUNT



Expenses—Historical Trend

MSRB’s primary budget philosophy is fiscal discipline and responsibility. The FY 2025 budget is a modest 2.9% increase over the previous year. MSRB’s five-year actual compounded annual growth rate in expenses from FY 2020 to FY 2024 is projected to be 5.1%.

HISTORICAL BUDGET VS ACTUAL EXPENSE*



*Historical budget and actual expense have been adjusted to conform to the current budget presentation for comparability. Operating expenses exclude material non-cash expenses, including depreciation, and differ from U.S. generally accepted accounting principles (GAAP).

II. Revenue Summary

MSRB’s revenues are generated primarily from fees assessed on regulated entities. MSRB strives to diversify revenue sources among regulated entities and other entities that fund MSRB services in a manner that ensures long-term sustainability, seeking to achieve an equitable balance among regulated entities and a fair allocation of the costs of systems and services among other users and regulated entities to the extent allowed by law. The majority of revenue is generated by industry fees assessed on primary and secondary market activity including underwriting and trading activity. The remaining revenue is primarily generated by fees on municipal advisory professionals, firm registration fees, and data fees.

Annual Budget Revenues	FY 2025 Budget
Market Activity Fees*	\$39,177,600
Municipal Advisor Professional Fees	2,925,600
Data Subscriber Fees	2,450,000
529 Plan Underwriting Fees	1,527,000
Annual & Initial Fees	1,366,000
Investment Income	1,200,000
Rule Violation Fine Revenue	500,000
Other Revenue	410,000
Total Annual Budget Revenues	\$49,556,200

*Includes Underwriting, Transaction and Trade Count Fees

FY 2025 Market Activity Fees

For FY 2025, MSRB used a five-year historical average to anticipate market activity volume and will continue to assess fees at rates established in 2023.

Current Rates	Basis	FY 2025 Fee Rate
Underwriting Fee	Per \$1,000 Par Underwritten	\$0.0297
Transaction Fee	Per \$1,000 Par Transacted	\$0.0107
Trade Count Fee	Per Trade	\$1.10

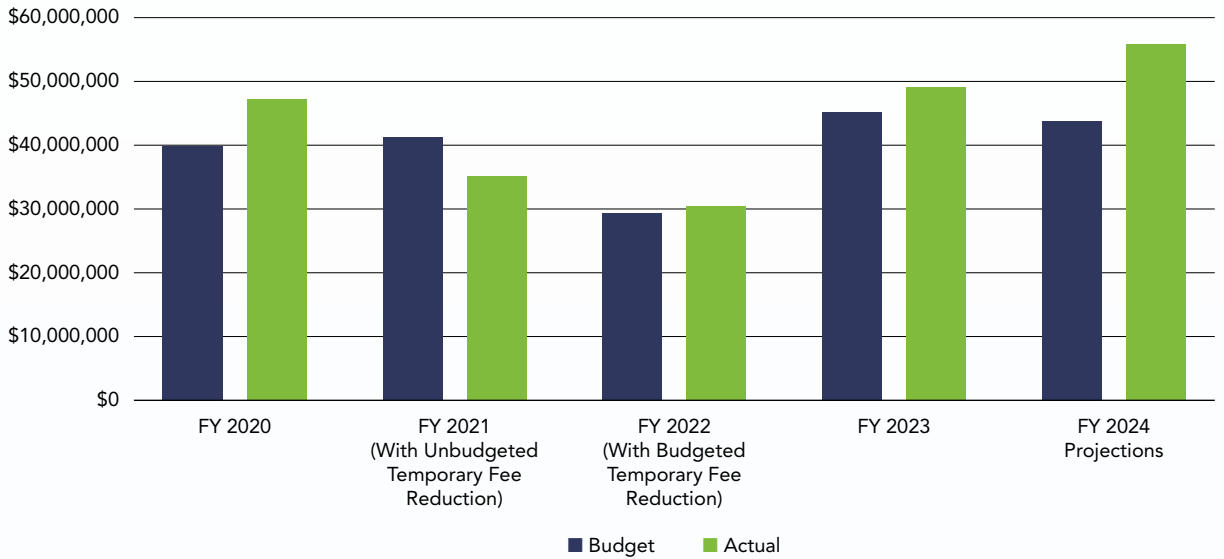
FY 2025 Market Volume Assumptions

Bond Volume (Underwriting Fee)	\$456 Billion Par Underwritten
Trade Par (Transaction Fee)	\$1.573 Trillion Par Transacted
Number of Trades (Trade Count Fee)	8.003 Million Trades

Revenues—Historical Trend

Market volatility and historically high trading activity post COVID-19 has generated higher than projected revenue in 2020, 2023 and 2024. The impacts of market activity trends on MSRB revenue have been further amplified since MSRB paused annual rate setting to engage with the industry on a retrospective review of the annual rate card model, developed in part to address the dynamics of market volatility.

HISTORICAL BUDGET VS ACTUAL REVENUE

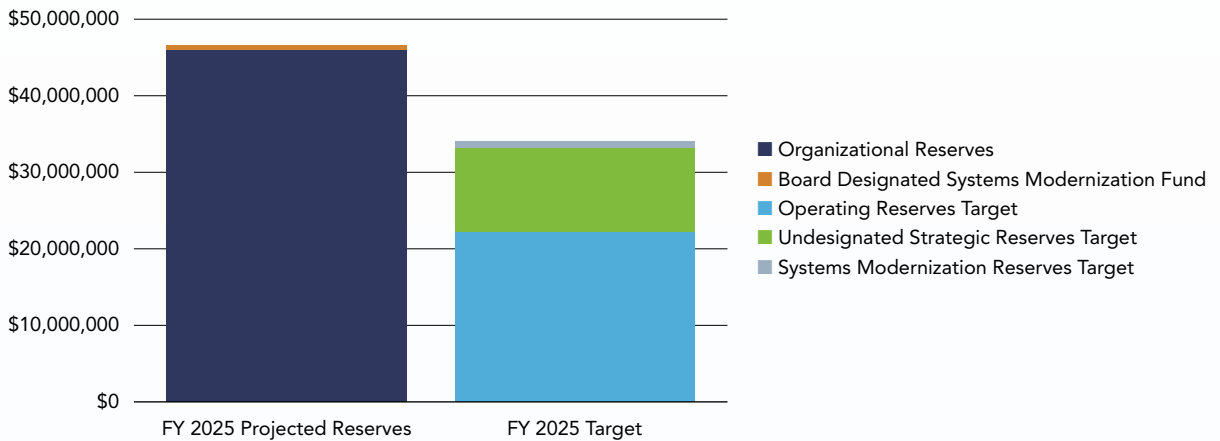


III. Reserves Summary

MSRB maintains organizational reserve funds to ensure there are appropriate financial resources and liquidity to support the ongoing work of the organization regardless of economic conditions. Organizational reserves are also maintained to create financial sustainability and capacity to address long-range capital initiatives or potentially unfunded regulatory mandates.

The following chart illustrates the components that make up MSRB’s reserve target and the expected reserve levels for FY 2025.

FY 2025 ORGANIZATIONAL RESERVES VS. TARGET



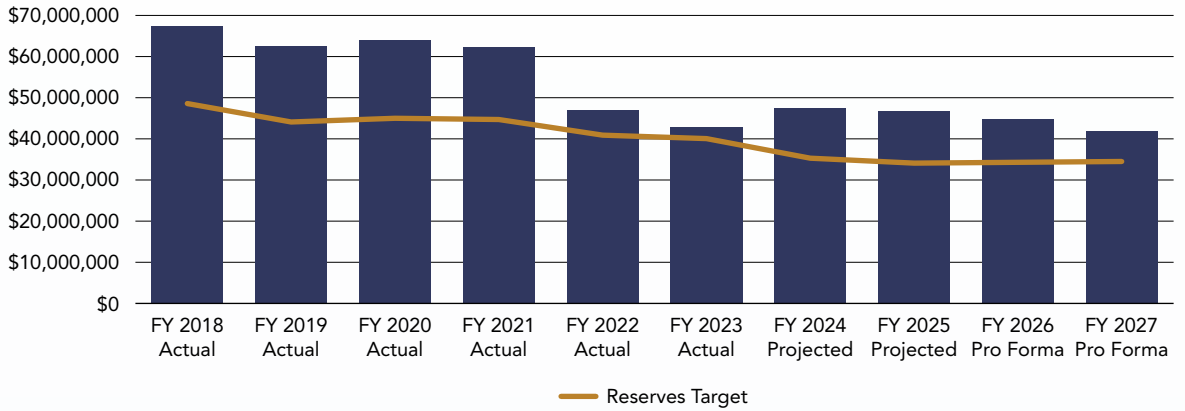
Reserves—Historical Trend

In recent years, MSRB has made significant changes related to reserves, both by lowering the targeted level of reserves the organization aims to maintain and in its approach to managing actual reserves balances at those target levels. MSRB cut its reserves levels by more than a third from their high point in fiscal year 2018.

In 2022, MSRB established an annual rate card process for certain fees allowing MSRB to manage reserves more effectively and avoid the buildup of excess reserves above target by returning that excess in the form of lower fees. This was in direct response to MSRB stakeholder feedback, more specifically, fee payer feedback. In 2024, MSRB received further stakeholder feedback in comment letters to its annual rate filing. Stakeholders expressed concern over the volatility of fees the annual rate card model creates as a byproduct of managing reserves, further expressing the desire for more stability in fees over time. MSRB is currently engaged in a retrospective review of the annual rate card model and will continue to engage with the industry on this topic.

Historically high trading activity in 2023 and 2024 generated additional revenue for MSRB and is a considerable factor to MSRB’s current reserve levels. MSRB and its Board of Directors continue to remain focused on managing its reserve levels to ensure financial stability while addressing stakeholder feedback and concerns.

HISTORICAL RESERVES LEVELS



IV. Diving Deeper into MSRB Budget Drivers

Breakdown of MSRB Technology Expenses

Technology is fundamental to MSRB’s mission and its strategic goal of promoting market transparency, and it is a significant expense driver for MSRB. Operating, securing and providing a reliable and resilient technology environment is a primary cost driver for the organization. Technology enables MSRB to develop, maintain and deliver value-added market data and regulatory products and services that provide transparency into the municipal securities market. These products and services are delivered primarily through the Electronic Municipal Market Access (EMMA®) website, the official source for municipal securities data and disclosure documents. Beginning in 2024, MSRB reorganized its technology area into two distinct categories: Information Technology Services and Market Transparency Products and Services. These are two functional areas in the organization aligned to better deliver and communicate the value of MSRB technology.

This section will provide a breakdown of how the technology-related expenses will be employed in FY 2025.

Information Technology Services

The security, availability and resiliency of all MSRB technology is critical to an efficient and effective market. This technology includes the EMMA website, market transparency subscription services, supporting systems and underlying technology infrastructure. Expenses incurred in the Information Technology Services department support the day-to-day operations and infrastructure of MSRB technology environment to keep MSRB systems running every day.

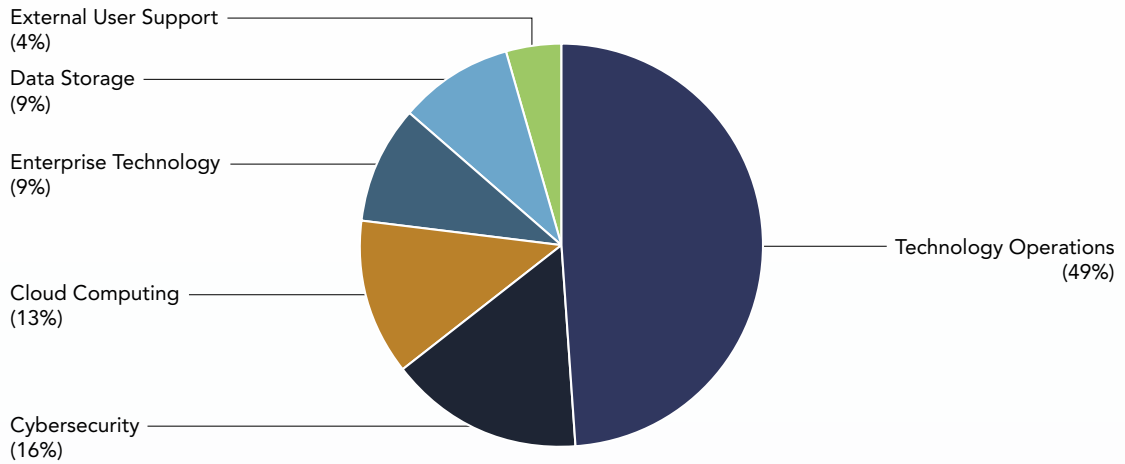
Expenses are presented functionally to provide a greater understanding of how dollars are spent on activities like cybersecurity, technology operations and expenses for cloud computing resources provided by third-party cloud services providers. As the volume of market data and information submitted to MSRB continues to grow each day, so do the costs to store, secure and make this data transparent to the public. MSRB continually strives to effectively manage the growth of these expenses. This presentation and breakout of expenses is important in providing MSRB stakeholders with a deeper understanding of its technology expense drivers. Information Technology Service expenses provide operational capability to all MSRB systems and cannot be readily categorized into individual system components.



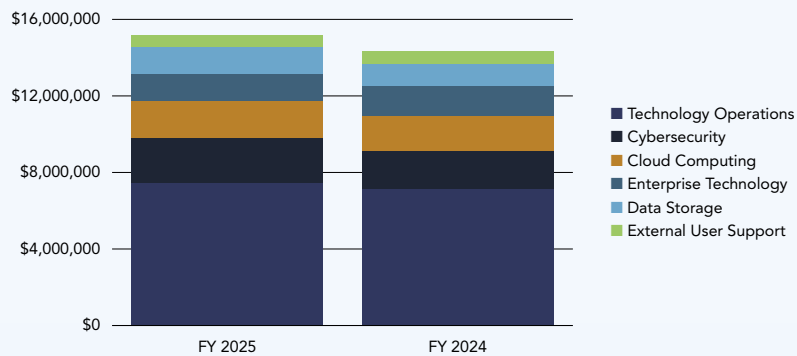
“ Information Technology Services keep MSRB’s technology environment and systems running every day. We continually strive to deliver secure and resilient technology while effectively managing costs.”

John Toye, Chief Information Officer

FY 2025 INFORMATION TECHNOLOGY SERVICES BUDGET BY ACTIVITY



Information Technology Services Budget by Activity—FY 2025 vs FY 2024



Technology Operations

In 2025, MSRB expects to spend \$7.4 million on the people, software, and services that operate and maintain MSRB market transparency systems, which include trade reporting, disclosure submissions, and other underlying data that are made available 24/7 through EMMA and related subscription services as well as the systems that provide data and information to examiners and other market regulators.

Cybersecurity

Cybersecurity is a fundamental activity of Information Technology Services. An allocation of \$2.4 million has been made in FY 2025 to provide staff and the essential tools and services to secure the internal and external MSRB technology footprint. Cybersecurity represents the largest area of expense growth in Information Technology Services for FY 2025 as MSRB continues to invest in securing and protecting market systems in an increasingly complex and rapidly evolving information security landscape.

Cloud Computing

The expenses reflected in this category relate to operating MSRB technology systems in the cloud. This includes MSRB transaction reporting systems, disclosure submission systems, market transparency systems, information and data stores and some internal capabilities. MSRB uses cloud computing to leverage capacity, resiliency, availability and innovation services not previously available in its self-managed data centers. MSRB expects to spend \$1.9 million on cloud computing in FY 2025.

Enterprise Technology

These expenses are related to operating and delivering internally focused IT solutions and services to MSRB staff. Examples include laptops, corporate software tools, telecommunications and internal helpdesk services. In FY 2025, MSRB has budgeted \$1.5 million for these services and activities.

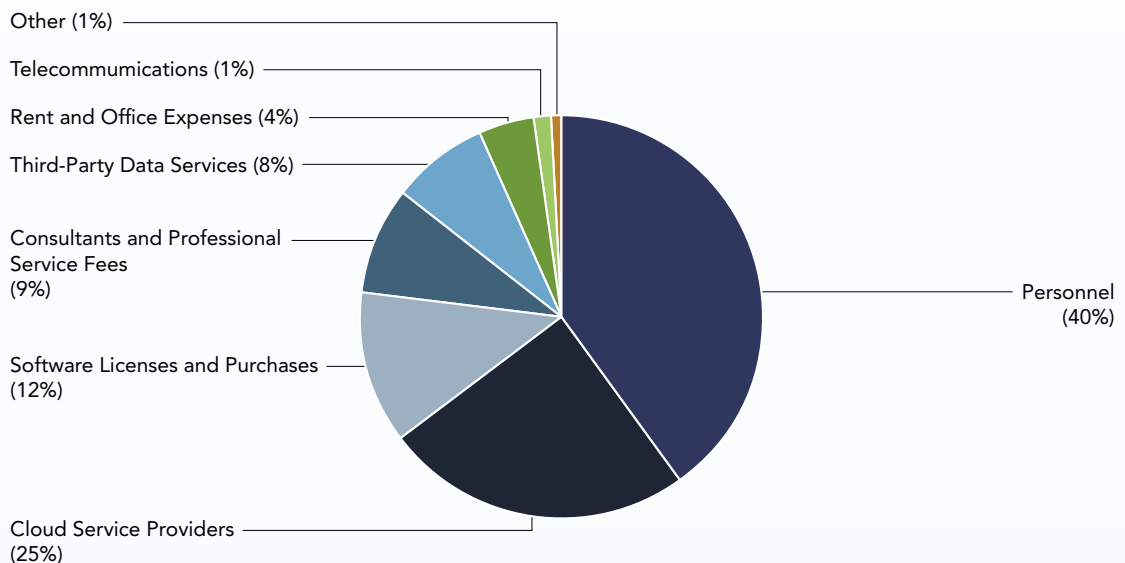
Data Storage

The cost of collecting and storing data collected or generated through MSRB systems is a discrete cost identifiable in a cloud computing environment. MSRB is the data repository for municipal market trade and disclosure information. Data storage accounts for \$1.4 million of MSRB’s FY 2025 annual budget.

External User Support

Providing support to the users of EMMA and its related systems is quantified in this category. These expenses include the operations of call center activities and fulfillment of external user support requests. These expenses are projected to be \$600,000 in FY 2025.

FY 2025 INFORMATION TECHNOLOGY SERVICES BUDGET BY CATEGORY

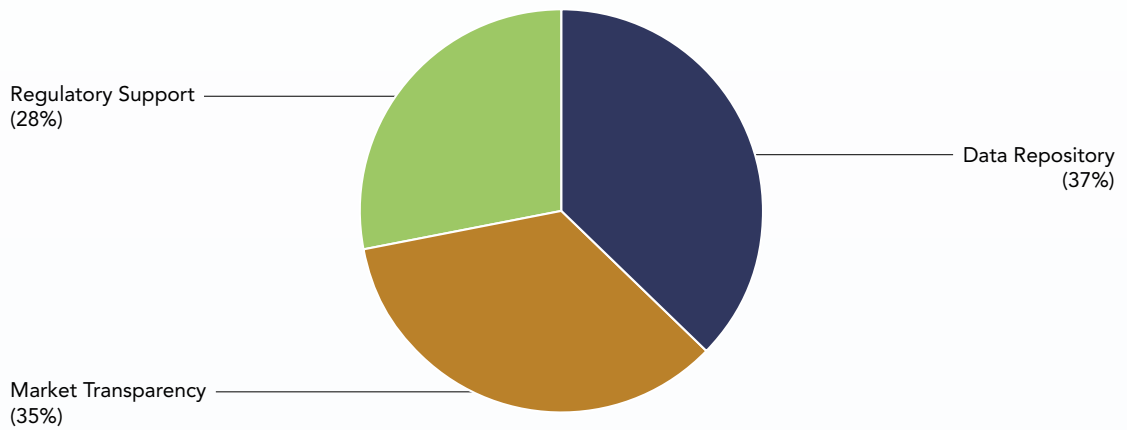


Market Transparency Products and Services

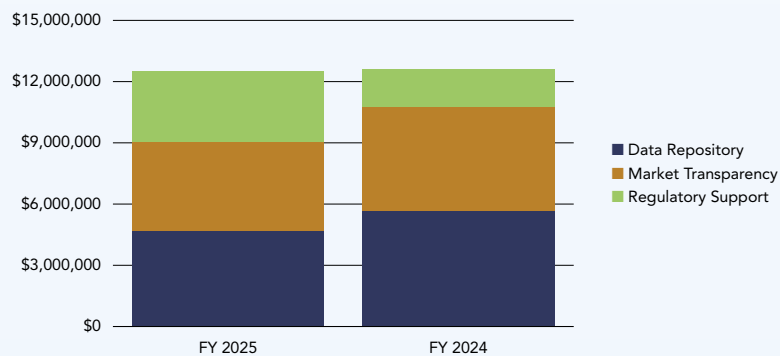
The Market Transparency Products and Services department works to meet the municipal securities market data and transparency needs of market participants and the public. This is achieved by building and maintaining the products, services and data that provide a meaningful user experience while keeping current systems up to date with constantly evolving technology.

There are three core product areas: Data Repository, Market Transparency and Regulatory Support. Most of the expenses budgeted are allocated towards people, including staff and consultants, maintaining and enhancing market transparency products and services.

FY 2025 MARKET TRANSPARENCY PRODUCTS AND SERVICES BUDGET BY PRODUCT LINE



Market Transparency Products and Services Budget by Product Line—FY 2025 vs FY 2024



“ Our team provides the data and information the market relies upon. We are excited to be modernizing our product and service offerings and look forward to the launch of a new and modernized EMMA website in 2025.”

Brian Anthony, Chief Product Officer

Data Repository

MSRB is designated as the official repository of municipal securities disclosure data. The data repository product is a group of services to collect, organize and prepare high quality market data that enable the timely access of market information to all market participants and the public. Data collected include registrant registration, primary market and continuing disclosures, transaction reporting, variable rate changes and information from other market data sources. In FY 2025, \$4.6 million is budgeted for this product area.

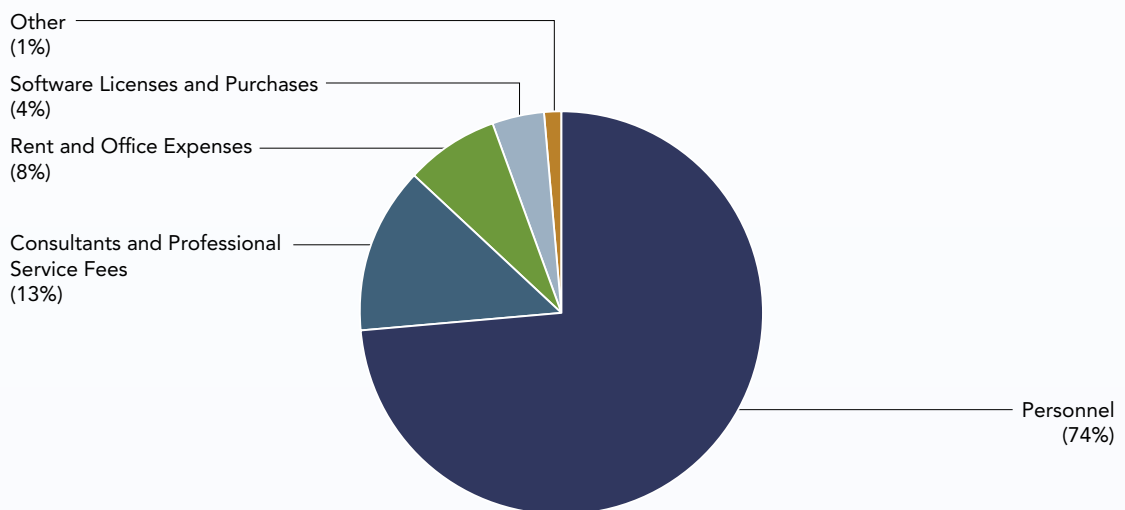
Market Transparency

MSRB fulfills its market transparency mandate by providing access to market data through the EMMA website to all market participants and the public for free. This team works to update, maintain and enhance the EMMA public website and information offering that public users will interact with. This includes trade data, short-term and variable rate market data, primary market offering data, secondary market data, continuing disclosure data, ratings data and other market information tools and datasets. MSRB's market transparency products also provide and support the subscription services that disseminate data to market participants for incorporation into their operational workflows. In FY 2025, \$4.4 million is budgeted for this product area.

Regulatory Support

Key to MSRB's work is supporting other regulators in their surveillance, examination and enforcement responsibilities. A primary means of supporting this work is by providing access to market information and data that is otherwise not available through EMMA directly to regulators. Regulatory support products encompass information derived from all underlying MSRB data sources and systems. Additionally, this product includes reporting services that enable dealers to monitor their trade reporting compliance. In FY 2025, the Regulatory Support product group has an allocated budget of \$3.5 million to support the continued enhancement and maintenance of these systems while addressing regulatory product user requests.

FY 2025 MARKET TRANSPARENCY PRODUCTS AND SERVICES BUDGET BY CATEGORY



Market Activity Volume

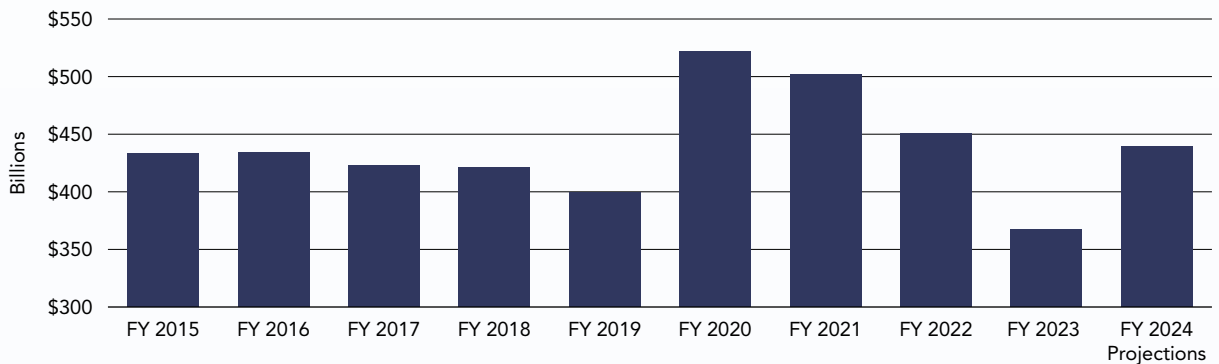
The primary revenue source for MSRB is fees assessed upon primary and secondary market activity. There are three fees that generate this revenue. An underwriting fee is assessed for municipal securities purchased from an issuer as part of a primary offering. A transaction fee is assessed based on the par value of municipal securities sales and a trade count fee is assessed for each transaction. Market volatility and higher levels of trading activity post COVID-19 have generated excess revenue in recent years. However, MSRB has observed that historically these revenue sources are more stable over time. The following table provides both the five and 10-year historical averages for market activity.

	5-year Historical Average (FY 2020–FY 2024 Projected)	10-year Historical Average (FY 2015–FY 2024 Projected)
Bond Volume (Underwriting Fee)	\$456 Billion	\$439 Billion
Trade Par (Transaction Fee)	\$1.573 Trillion	\$1.482 Trillion
Number of Trades (Trade Count Fee)	8.003 Million	7.724 Million

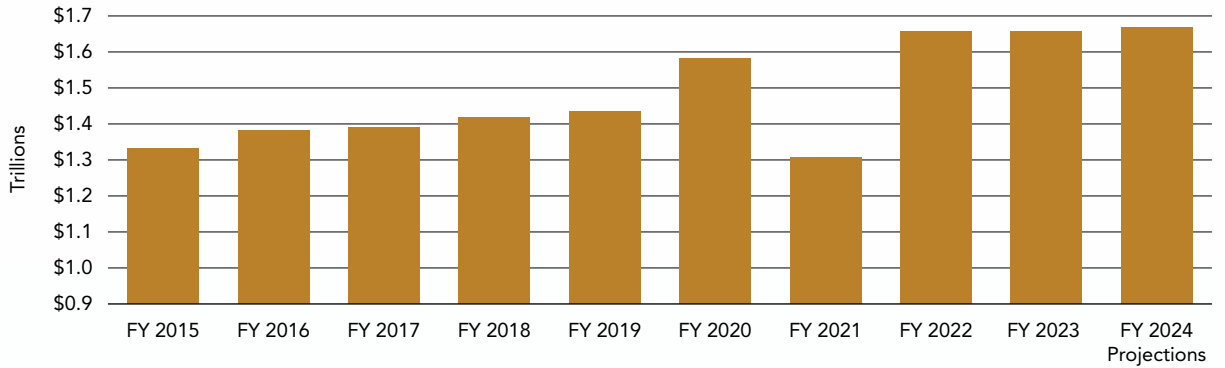
In developing revenue projections for FY 2025, MSRB used a five-year historical average of market activity to reflect considerations of both the current state of market volatility and the longer-term trend towards stability.

The following charts provide a historical view of the underlying market activity that drives MSRB’s market activity fees.

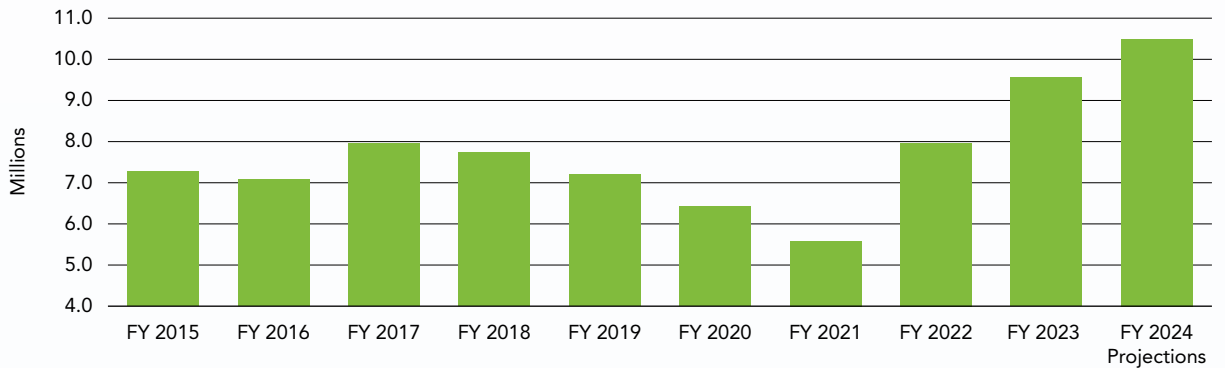
BOND VOLUME (UNDERWRITING FEE)



TRADE PAR (TRANSACTION FEE)



NUMBER OF TRADES (TRADE COUNT FEE)



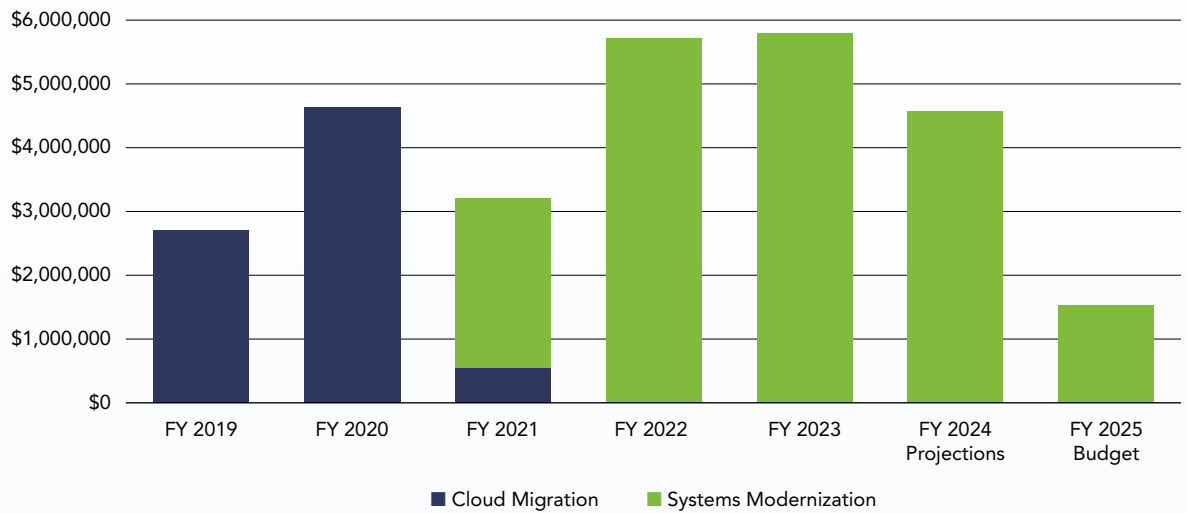
Note: The market activity volume data reflected in the charts above reflect projections as of April 2024, which aligns with MSRB's internal budget development process. Market activity in the remaining half of FY 2024 continues to perform above historical averages.

Cloud Migration and Systems Modernization

In FY 2018, MSRB embarked on a multi-year journey to migrate its entire technology infrastructure to the cloud and modernize the technology systems and services that make market information and data transparent and available to all MSRB stakeholders. The first stage of the journey took MSRB systems from physical data centers and rehomed them fully in the cloud. This phase took over two years to complete and cost \$7.9 million. MSRB fully funded this strategic initiative through its organizational reserves. The migration enables MSRB to leverage cloud computing capabilities, gain operating efficiencies, create greater system resilience and position the organization for the next part of the journey, a modernization of EMMA and the underlying systems.

In FY 2025, MSRB plans to complete the EMMA and related systems modernization initiative. This modernization initiative is driven by extensive feedback from a wide variety of market participants and fundamentally transforms MSRB's ability to deliver market data needs of stakeholders. MSRB largely funded this initiative through a designation of organizational reserves with the estimated total spend of approximately \$20 million. The modernization efforts go beyond the internal workings of MSRB systems to include a newly refreshed user experience on EMMA that will enable users to find and access information quicker and in a more meaningful way.

STRATEGIC INITIATIVES FUNDED THROUGH RESERVES



ABOUT MSRB

The Municipal Securities Rulemaking Board (MSRB) protects and strengthens the municipal bond market, enabling access to capital, economic growth, and societal progress in tens of thousands of communities across the country. MSRB fulfills this mission by creating trust in our market through informed regulation of dealers and municipal advisors that protects investors, issuers and the public interest; building technology systems that power our market and provide transparency for issuers, institutions, and the investing public; and serving as the steward of market data that empowers better decisions and fuels innovation for the future. MSRB is a self-regulatory organization governed by a board of directors that has a majority of public members, in addition to representatives of regulated entities. MSRB is overseen by the Securities and Exchange Commission and Congress.



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