



January 28, 2025

Ronald W. Smith
Corporate Secretary
Municipal Securities Rulemaking Board
1300 I Street NW, Suite 1000
Washington, D.C.

Re: MSRB Request for Information on the Rate Card Process, Notice 2024-14

Dear Mr. Smith,

I am writing on behalf of the American Securities Association¹ (ASA) in response to the Municipal Securities Rulemaking Board's (MSRB) Request for Information (RFI) regarding its Rate Card Process. This letter also addresses concerns regarding the MSRB's Fiscal Year (FY) 2025 budget, following up on our previous discussions. We appreciate the opportunity to provide feedback and engage in continued dialogue with the MSRB.

The ASA has consistently supported the MSRB's mission to enhance transparency and efficiency in the municipal securities market. Our focus has always been on ensuring that the fees paid by dealers are judiciously and fairly allocated and that the resulting benefits to the market are commensurate with these contributions.

We believe that regular, open discussions with stakeholders like the ASA about the MSRB's budget priorities and spending decisions are crucial for maintaining a fair and efficient market environment. It is in this spirit of constructive collaboration that we offer our insights and recommendations in response to the MSRB's Request for Information on the Rate Card Process.

Fiscal Year 2025 Budget

Upon reviewing the MSRB's FY 2025 Budget Summary, several concerns previously expressed by ASA remain unaddressed. The budget continues to heavily depend on dealer-related fees, which account for a majority of total revenue, while municipal advisor professional fees contribute significantly less. This stark disparity in fee distribution suggests that dealers are bearing a disproportionate share of the regulatory costs while municipal advisors may be benefiting from MSRB services and regulations without contributing an equitable portion of the expenses.

The MSRB's current fee structure includes three market activity fees for dealers (transaction fee, underwriting fee, and trade count fee) but only a fixed rate professional fee for municipal advisors. To address this imbalance, the MSRB should consider alternative fee models that more accurately reflect the value and usage of MSRB services by different market participants. For instance, the MSRB could explore assessing MA activity-based fees based on the usage of MSRB resources. This could include various activities such as transaction-related advice, ongoing advisory services, or paid solicitation

¹ The ASA is a trade association that represents the retail and institutional capital markets interests of regional financial services firms who provide Main Street businesses with access to capital and advise hardworking Americans how to create and preserve wealth. The ASA's mission is to promote trust and confidence among investors, facilitate capital formation, and support efficient and competitively balanced capital markets. This advances financial independence, stimulates job creation, and increases prosperity. The ASA has a geographically diverse membership base that spans the Heartland, Southwest, Southeast, Atlantic, and Pacific Northwest regions of the United States.





activities where the activity is utilizing MSRB systems and tools to perform their fee-based activity. This approach could provide a more nuanced and fair foundation for fee assessment based on a firm or individual utilizing the MSRB as a tool to provide their services, instead of developing their own resources or contracting with a vendor who pays MSRB fees for data.

The current data redistribution model should also be reevaluated. The one-size-fits-all payment structure for unlimited data consumption creates an unfair competitive landscape. Smaller firms, which only need data for a limited number of individuals, bear the same costs as larger platforms with thousands of users. This imbalance in cost allocation puts smaller firms at a significant disadvantage. To ensure fair competition among all market participants, a more equitable pricing model for data redistribution should be implemented.

Reevaluation of EMMA Enhancements. The EMMA website plays a crucial role in implementing the Dodd-Frank Act's objectives of increased transparency, investor protection, and market integrity in the municipal securities market. However, its expansion over the years raises concerns regarding the necessity and scope of certain enhancements.

While EMMA has evolved to provide readily accessible data feeds and pricing information to individual investors, concerns have arisen regarding certain developments including data analytics, research, and publications, which appear to compete with existing analytical tools and services offered by industry professionals.

The expansion of EMMA raises two critical questions:

1. Is it the MSRB's responsibility to provide comprehensive information and technology at no cost to all consumers?
2. What is the source of the desire to expand EMMA beyond its original purpose?

We urge the MSRB to reconsider EMMA's scope, focusing on essential features that benefit most stakeholders without duplicating existing services or unfairly competing with fee-based professional offerings. By focusing on essential features that benefit the majority of stakeholders, the MSRB can potentially reduce costs and minimize the need for excessive fee increases.

We also recommend greater transparency regarding professional entities by category using EMMA, for example, but not limited to municipal advisor, underwriter, and data redistributors. Further we would ask for additional transparency into the entities requesting EMMA enhancements, including a breakdown of costs and usage patterns for professional users, and a clear explanation of how these enhancements benefit the overall marketplace. By implementing these measures and avoiding duplication of resources already developed or sourced from vendors, the MSRB can work towards a more balanced and fair distribution of costs among all market participants.

Storage Policy for Inactive Bonds. The MSRB should implement a policy mandating the storage of transactions involving inactive bonds in deep storage systems. This approach would provide several benefits, including cost-effective data management by significantly reducing ongoing storage costs while maintaining data accessibility upon request with associated retrieval charges. This strategy would also adhere to industry-standard data management practices and ensure the MSRB remains at the forefront of efficient information handling.





By implementing this policy, the MSRB can optimize its data storage infrastructure, reduce operational costs, and continue to provide valuable historical transaction data when needed. The introduction of access charges for deep storage retrieval will help offset the costs associated with maintaining an extensive database, ensuring a sustainable model for long-term data preservation and accessibility in the municipal securities market. The municipal securities market would stand to benefit particularly from this approach given the long-term nature of many municipal bonds and the potential for extended periods of inactivity.

Cost of Data to Wholesale Providers. To further align MSRB's revenue structure with its operational costs and ensure fair distribution of expenses, we recommend reassessing the pricing model for wholesale data providers. Specifically, the MSRB should consider implementing a comprehensive reassessment of its pricing model for wholesale data providers who repackage municipal securities data for a fee.

To ensure ongoing fairness and adaptability, the MSRB should establish a regular review process for the pricing model. Throughout this process, MSRB should engage various stakeholders, including data providers, investors, and issuers, to gather input and inform the new pricing structure.

Regular Stakeholder Budget Meetings

We strongly urge the MSRB to implement a more robust and frequent stakeholder engagement process throughout its annual budget-setting cycle. Specifically, we recommend that the MSRB conduct in-depth meetings with stakeholders multiple times throughout each year during the budget formulation process. These meetings should serve as a platform for the MSRB to gather comprehensive feedback on priority items from affected parties, with particular emphasis on those who contribute significantly to funding the budget. This enhanced engagement would allow for more nuanced discussions on proposed initiatives, potential cost implications, and the overall direction of the MSRB's activities, ultimately leading to more effective and efficient use of resources in service of the market's best interests.

Conclusion

By incorporating stakeholder feedback early in the budgeting process, the MSRB can ensure that its financial decisions are more closely aligned with the needs and concerns of the municipal securities market participants. We appreciate the MSRB's efforts in enhancing market transparency and efficiency and look forward to future communication about the MSRB's budget.

Sincerely,

Jessica Giroux

Jessica R. Giroux
General Counsel and Head of Fixed Income Policy
American Securities Association

