

The Bonds That Make America Stronger



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MESSAGE FROM LEADERSHIP

MSRB serves an essential role in safeguarding the integrity of our nation's \$4 trillion capital market, which finances stronger, more resilient communities for all Americans. Municipal bonds catalyze investment in public infrastructure, which impacts nearly every aspect of our daily lives—the water we drink, the schools that educate our children, the roads and transit systems that get us where we need to be, the hospitals that care for our sick—the list goes on. Everywhere you look, municipal bonds are hard at work improving quality of life and making America stronger.

In 1975, Congress established MSRB as a self-regulatory organization (SRO) to protect investors, issuers and the public interest by ensuring a fair and efficient municipal securities market. As an SRO, MSRB is governed by an independent board of directors, which includes both members of the public and representatives of regulated entities, all of whom have extensive experience in the municipal market. This broad representation ensures MSRB has the relevant knowledge and expertise to address a rapidly evolving market through informed regulation that safeguards the interests of the investors and issuers we are responsible for protecting.

As we celebrate our 50th anniversary in 2025, MSRB remains resolute in upholding its congressional mandate through market regulation, market transparency and market integrity. We advance our mission by:

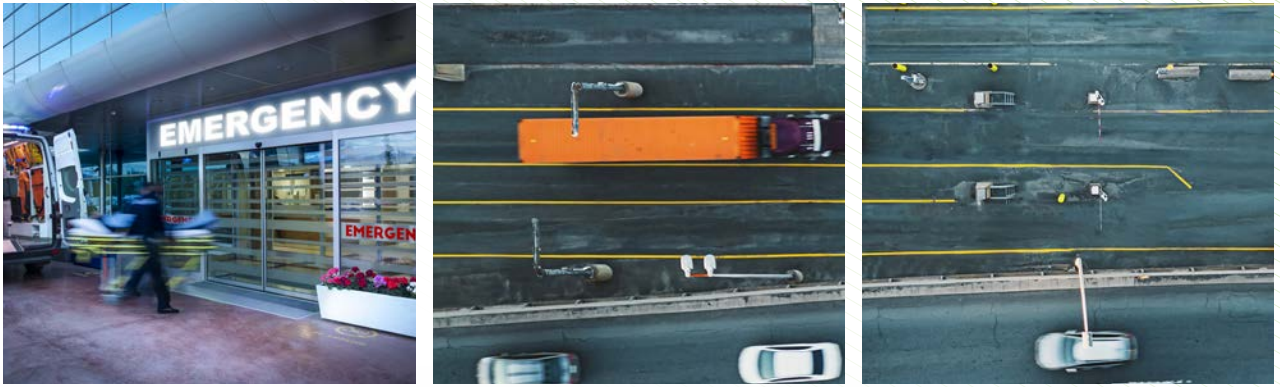
- Establishing rules and reexamining existing ones to ensure they continue to level the playing field for all market participants and eliminate unnecessary barriers to competition.
- Operating technology systems that are essential to a fair and orderly market, such as our Electronic Municipal Market Access (EMMA®) website, which serves as the official repository for municipal securities data and documents, and enhancing market transparency by making this information available to the public for free.
- Promoting the integrity of this market by adapting to evolving market structure driven by emerging technologies and changing business models.

In this annual report, we are pleased to highlight the progress we have made in advancing our FY 2022–2025 Strategic Plan. On behalf of MSRB, it is truly a privilege and honor to serve the municipal securities market and give America the confidence to invest in its communities.

Sincerely,

Warren "Bo" Daniels, Board Chair

Mark Kim, Chief Executive Officer



Market Regulation

Modernizing the MSRB Rule Book to facilitate and enhance compliance.

To successfully serve its congressional mandate, MSRB must continually review its rules and associated guidance to ensure they keep pace with evolving market practices and appropriately achieve their investor and issuer protection goals without placing undue compliance burdens on regulated entities. MSRB strives to address market harms to advance its mission to promote a more fair and efficient municipal securities market. An important part of this process is to achieve regulatory harmony, where appropriate, with other capital markets by coordinating MSRB's efforts with those of fellow regulators.

In 2024, MSRB was able to advance an important initiative that represents a significant modernization of the trade reporting paradigm in the municipal securities market. Following more than two years of rulemaking efforts informed by stakeholder feedback, MSRB received approval from the Securities and Exchange Commission (SEC) to amend MSRB's trading reporting rule, [MSRB Rule G-14](#). The rule change shortens the time for most municipal securities trades to be reported to MSRB from the previous 15-minute standard to as soon as practicable, but no later than one minute after the time of trade. Importantly, the rule change includes exceptions for manual trades and firms with limited trading activity. MSRB believes the amended rule will significantly improve market transparency and advance fairness in the municipal securities market. By giving investors and other market participants access to more contemporaneous prices, it will allow them to make more informed decisions when buying and selling bonds. At the same time, firms executing manual trades and firms with limited trading activity will be able to continue to effectively serve the diverse range of customers participating in this market.



“In 2024, MSRB was able to advance several important initiatives, including one that significantly modernizes the municipal securities trade reporting paradigm by shortening the time for most trades to be reported to MSRB from the previous 15-minute standard to no later than one minute after the time of trade.”

~ Ernesto A. Lanza, Chief Regulatory and Policy Officer

During the year, MSRB also made important advances in its efforts to modernize and streamline its rule book by codifying certain interpretive guidance into the rules and retiring outdated guidance.

- MSRB received SEC approval to amend [MSRB Rule G-47](#), on time of trade disclosure, to provide three new time of trade disclosure scenarios and to codify, consolidate and retire certain interpretive guidance.
- MSRB amended [MSRB Rule G-27](#) to allow dealers to conduct supervisory activities remotely. The rule change harmonizes with amendments by the Financial Industry Regulatory Authority (FINRA), allowing FINRA-member dealers to designate an associated person's private residence where supervisory activities are conducted as a residential supervisory location. MSRB acknowledges that the way dealers conduct business has changed over recent years with an increasing move to hybrid workplace models. MSRB also recognizes that dealers are continuing to assess the current and future state of work to evolve their current supervisory practices to better support an integrated hybrid work environment. As such, amendments to MSRB Rule G-27 to allow for remote inspections of qualified branch offices and non-branch locations during a three-year pilot program, aligning with amendments by FINRA, will support MSRB's evaluation of the efficacy of dealers' supervisory framework. MSRB will continue to engage with stakeholders to better understand ongoing burdens and balance those burdens against the need for robust protection of investors.

MSRB regularly analyzes the municipal market data it collects to help inform regulatory decision making and to provide insights to policymakers, market participants, and the public. One aspect of the market MSRB has reviewed periodically and shared insights into over the years is pre-trade quote data. MSRB's most recent report published in 2024 found a correlation between an improvement in trade prices and increased quote provision and quote price competition on electronic trading platforms. To further explore this idea, MSRB recently issued a concept release regarding the potential collection of pre-trade data. This initial step focuses solely on gathering information and stakeholder feedback to better understand the needs and concerns of municipal market participants and determine whether to take further steps in connection with the potential pre-trade data initiative.



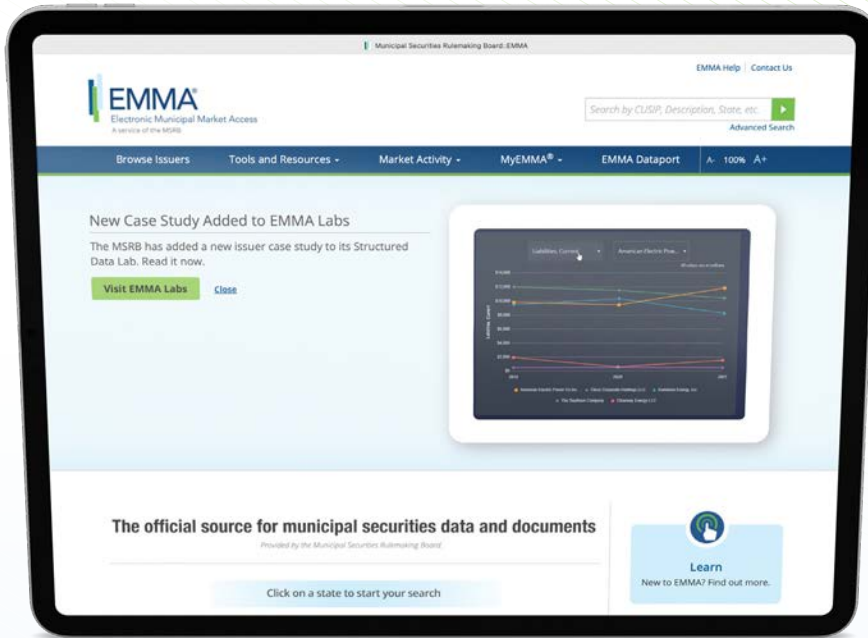
Market Transparency

Modernizing EMMA to enhance market transparency.

A critical way MSRB protects and strengthens the municipal securities market is by operating the technology infrastructure that powers the market and provides transparency for investors, issuers and all market participants. For more than 15 years, MSRB has provided municipal market information for free to the public through its EMMA website, the municipal securities market's central and sole repository of municipal market data and disclosure documents. MSRB also offers access to data in bulk through data subscriptions. MSRB's transparency systems include transaction reporting systems, disclosure submission systems, the EMMA website, and information and data stores, all of which are powered by MSRB's enterprise-wide investment in cloud technology.

MSRB revolutionized municipal market transparency when it launched EMMA in 2009. In 2025, MSRB expects to launch a modernized EMMA featuring a redesigned user interface and user experience, one that will allow a more personalized experience, improved navigation and enhanced search features and functionality. This has been a multi-year endeavor, which has benefited from extensive input from a wide variety of market participants.

As stakeholders provided valuable feedback and work on the new EMMA has progressed, near-term improvements to the existing EMMA user experience remain ongoing. In 2024, MSRB expanded the availability of yield curves and indices on EMMA with the addition of the Tradeweb AAA Municipal Curve, which is updated hourly. MSRB also improved the transparency of disclosure information available to market participants on EMMA by clarifying whether the issuer or the obligated person associated with a municipal bond issue has agreed to provide disclosure information as required by SEC Rule 15c2-12.



Stakeholder comments and insights have always been critical to informing MSRB’s major technology initiatives, and MSRB continues to double down on this effort. As technology evolves and continues to intersect with regulation and the financial markets, MSRB has established a new Technology Advisory Group (TAG) to take this stakeholder feedback to the next level. TAG will provide input on technology innovation and assess market trends to identify opportunities and challenges in the municipal securities market. The insights and the expertise of TAG members will further inform MSRB’s long-term technology strategy and advance its strategic goal of promoting market transparency.



“In 2025, MSRB will launch a modernized EMMA featuring a redesigned user interface and user experience. We thank our stakeholders for their feedback as we continue to leverage their input to enhance our technology and data efforts—all with an eye towards serving our mandate and creating market transparency.”

~ Brian Anthony, Chief Product Officer



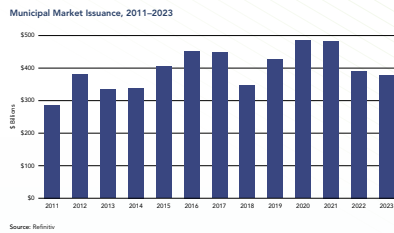
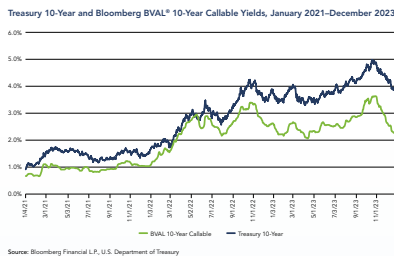
Market Data

Modernizing municipal market data to facilitate more informed decisions.

As the municipal market's central repository for data, MSRB collects and publicly disseminates millions of data points on municipal securities, issuers and the broader market. Market participants depend on this data to issue, trade and invest in municipal securities, and to understand market trends. MSRB leverages its investment in cloud technology to modernize its data platforms and improve the quality of data available.

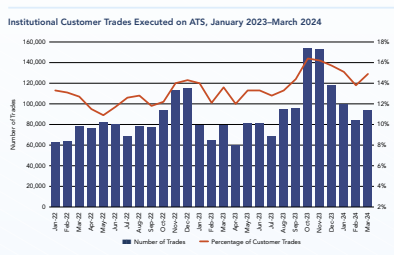
In addition to collecting and disseminating municipal market data, MSRB regularly analyzes the data it collects to identify trends and inform regulatory decision making, and publishes research to assist policymakers, market participants and the public in understanding the municipal securities market. Research reports published over the past year include:

- [Analysis of Primary vs. Recently Issued and Competitive vs. Negotiated Municipal Securities Markets](#) analyzes trading and pricing trends in the municipal securities market, comparing the primary market to the recently issued market, and the competitive market to the negotiated market.
- [Timing of Annual Financial Disclosures by Issuers of Municipal Securities](#) looks at the average length of time audited financial statements were submitted to MSRB following the end of the issuer's fiscal year (update to a 2017 MSRB report).
- [Pre-Trade Market Activity in Municipal Securities: Recent Developments](#) analyzes pre-trade data from 2021 and 2022 based on trading on two alternative trading systems and reveals a significant increase in the number of live quotes and trades, as well as improvement in trade prices relative to best quotes since 2018.
- [Trading Patterns in the Municipal Securities Market](#) examines trading patterns in the municipal securities market and reviews the fragmentation in the market, along with the depth and breadth of data available to market participants.



Number of Trades Per Day, 2023

Number of Times a Security is Traded	% of Trades	Cumulative % of Trades	Average Number of Trades	Total Number of Trades
1	12.3%	12.3%	6,238	1,565,625
2	29.9%	42.2%	15,213	3,818,496
3	19.1%	61.3%	9,697	2,433,846
4	13.3%	74.5%	6,741	1,697,972
5	5.2%	79.7%	2,631	660,310
6–10	11.8%	91.5%	6,010	1,508,515
11–24	5.7%	97.2%	2,895	723,731
25–49	1.9%	99.1%	990	248,368
50–74	0.5%	99.6%	250	62,642
75–99	0.2%	99.8%	84	20,971
100 or More	0.2%	100.0%	104	26,070
Total			50,539	12,760,546



MSRB also publishes [quarterly and annual municipal securities market summaries](#), which highlight key developments in yields, trading volume, new issuance, and mutual fund flows in the municipal bond market. Additionally, MSRB publishes the annual [MSRB Fact Book](#) and weekly social media posts on LinkedIn and X to provide relevant and timely analysis of municipal market activity. MSRB's latest report, [2024 Municipal Securities Market Year in Review](#), reviews the events in the market over the past year.



“MSRB publishes research and analyzes the data it collects to provide transparency to market participants, allowing them to gain a greater understanding of the municipal securities market.”

~ John A. Bagley, Chief Market Structure Officer



Public Trust

Modernizing MSRB's approach to stakeholder engagement to enhance public trust.

Serving its congressional mandate to protect investors and issuers while promoting a fair and efficient municipal securities market continues to be MSRB's north star. MSRB's commitment to transparency about its regulatory initiatives, technology investments and annual budget are reflected in its active engagement with stakeholders as it works to deliver on its strategic priorities.

In 2024, MSRB invited industry stakeholders to share in productive dialogue through a series of town hall meetings focused on MSRB's budget and its rate card fee-setting process. Over the past eight years, MSRB has published an annual budget report to provide greater insight into its projected revenues, expenses and reserve funds. MSRB appreciated the perspectives shared by broker-dealers, municipal advisors, investors, issuers and other market participants over the course of the year, which helped inform and enhance how MSRB communicates its budget and strategic priorities to the public. As a result, the budget MSRB published for the FY 2025 fiscal year provided more detail and context about its strategic investments, particularly in technology, and helped to bolster stakeholder confidence in its financial stewardship.



“We appreciate the perspectives stakeholders shared in the town hall meetings we held over the course of this past year, which have helped inform and enhance how MSRB communicates its budget and strategic priorities.”

~ Aleis Stokes, Chief External Relations Officer



“MSRB is committed to maintaining reasonable fees necessary to advance its congressional mandate and is soliciting stakeholder feedback to inform potential modifications to its fees and rate card model.”

~ Omer Ahmed, Chief Financial Officer

Stakeholder perspectives are also contributing to the ongoing review of MSRB's fee-setting process. As an independent SRO, MSRB relies on fees paid by regulated entities to fund its operations as opposed to appropriations from the federal government. MSRB recognizes and upholds its commitment to maintaining reasonable fees that are necessary or appropriate to advance its congressional mandate. To this end, MSRB has issued an RFI to inform potential modifications to its fees and rate card model.

Consistent with its mandate to protect investors, issuers and the public interest, MSRB provides objective municipal market education, offering free educational resources to help investors, issuers and other market participants make informed decisions. Continuing its effort to improve the accessibility of information in its online Education Center, MSRB published a series of new web pages to streamline its existing content, making it easier for market participants to access and understand. MSRB also revised its professional qualifications web pages, providing more detailed information and breaking up the content to make it easier for dealers and municipal advisors to find relevant information about qualifications, exams and continuing education.

MSRB's commitment to upholding public trust includes giving back by helping develop new generations of public finance professionals and helping the less advantaged in its local community. In 2024, MSRB continued its support of high school students interested in public finance careers by hosting Municipal Finance Day in partnership with the Municipal Forum of New York's Urban Leadership Fellows Program and the Chicago Summer Business Institute's program. These events bring together a wide array of accomplished industry speakers who share their personal stories and insights with talented young people from diverse backgrounds and inspire them to pursue careers in the municipal finance industry.

MSRB also demonstrated its commitment to the local Washington, D.C., community by hosting three days of service with DC Central Kitchen, which prepares meals for schools, shelters, and nonprofits, while providing culinary job training for individuals facing high barriers to employment. More than 80 MSRB staff volunteered alongside DC Central Kitchen staff to prepare and package meals for the community in efforts to fight hunger. In addition, MSRB staff participated in a local Cycle for Survival drive to raise money for rare cancer research and came together to bring holiday joy to children and adults being sheltered and supported by My Sister's Place, a cornerstone of Washington, D.C.'s response to domestic violence.

As MSRB enters its 50th year, its leadership and staff are evermore dedicated to the mission of protecting and strengthening the market for the bonds that make America stronger.

BOARD OF DIRECTORS 2024–2025

MSRB is governed by a [Board of Directors](#) that consists of 15 members, including eight public members and seven regulated members, all of whom have deep expertise in the municipal securities market.

OFFICERS



CHAIR
Warren "Bo" Daniels



VICE CHAIR
Jennie Huang Bennett

PUBLIC REPRESENTATIVES



Ahmed A. Abonamah
*Executive Vice President
and Chief Financial Officer
Rock Entertainment Group
and Cleveland Cavaliers
Cleveland, Ohio*



David Belton
*Retired
Madison, Wisconsin*



Jennie Huang Bennett
*Associate Vice President
for Finance
University of Chicago
Chicago, Illinois*



Michael Craft
*Senior Credit Analyst
Genworth Financial Inc.
Stamford, Connecticut*



Pamela M. Frederick
*Chief Financial Officer
and Treasurer
Battery Park City Authority
New York, New York*

PUBLIC REPRESENTATIVES



Katano Kasaine
*Assistant General Manager
and Chief Financial Officer
Metropolitan Water District
of Southern California
Los Angeles, California*



Horatio Porter
*Chief Financial Officer
and Assistant Executive
Director of Finance
North Texas Tollway
Authority (NTTA)
Plano, Texas*



Daniel L. Wiles
*Assistant Treasurer
and Tax Collector
County of Los Angeles
Rancho Santa Margarita,
California*



Alexander Chilton
*Managing Director, Head
of Municipal Securities
Morgan Stanley
New York, New York*



Warren "Bo" Daniels
*Managing Director and
Head of Public Finance
Loop Capital Markets
Atlanta, Georgia*

REGULATED REPRESENTATIVES



Wendell G. Gaertner
*Senior Managing Director
Public Resources Advisory
Group, Inc.
St. Petersburg, Florida*



Heather E. Grzanka
*Executive Director,
Compliance Director, Fixed
Income, Public Finance
JPMorgan Chase & Co.
New York, New York*



Natasha A. Holiday
*Managing Director and
Head of the New York Office
RBC Capital Markets
New York, New York*



Christopher A. Kendall
*Managing Director,
Fixed Income Trading
Charles Schwab and
Company, Inc.
Denver, Colorado*



Liz Sweeney
*President and Founder
Nutshell Associates, LLC
Lutherville-Timonium,
Maryland*

MSRB SENIOR LEADERSHIP



Mark T. Kim
Chief Executive Officer



Tangie Davis
Chief of Staff



Omer Ahmed
Chief Financial Officer



Brian Anthony
Chief Product Officer



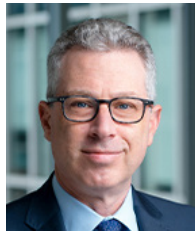
John A. Bagley
Chief Market Structure
Officer



Ernesto A. Lanza
Chief Regulatory and
Policy Officer



Ijeoma Lasebikan
Director of Human
Resources



Jacob Lesser
General Counsel

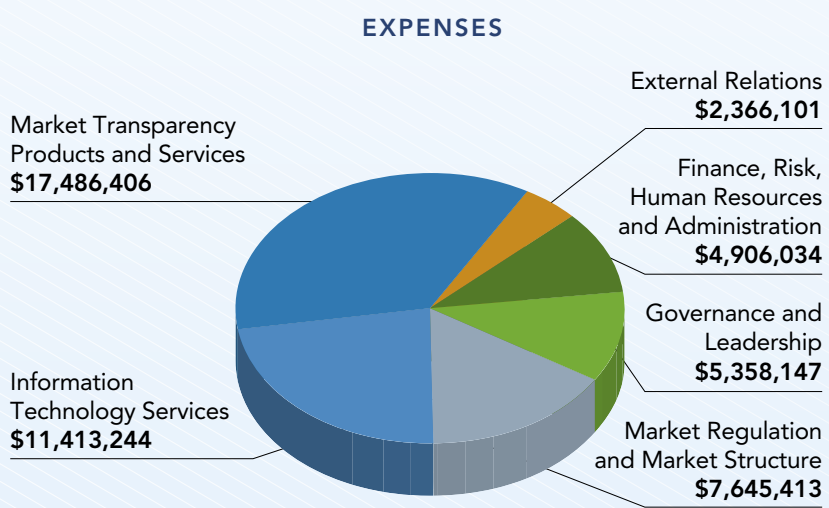
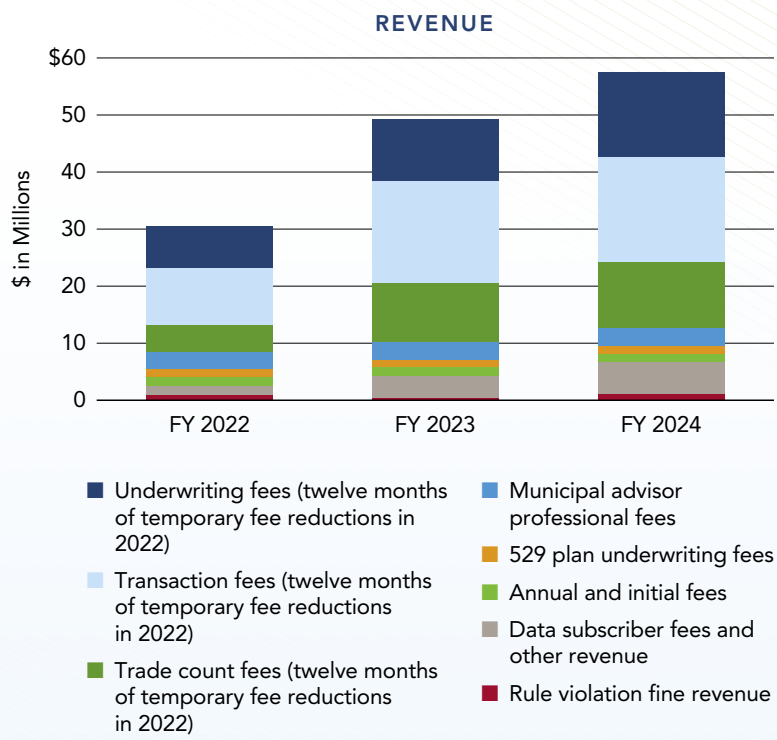


Aleis Stokes
Chief External Relations
Officer



John Toye
Chief Information Officer

2024 FINANCIAL HIGHLIGHTS



September 30	2024	2023	2022
Statements of Financial Position			
Total Assets	\$ 84,065,143	\$ 76,222,195	\$ 68,082,981
Total Liabilities	17,055,530	17,515,794	11,570,964
Total Net Assets—Without Restrictions	\$ 67,009,613	\$ 58,706,401	\$ 56,512,017
Statements of Activities			
Revenue:			
Underwriting fees (twelve months of temporary fee reductions in 2022)	\$ 14,991,982	\$ 10,886,294	\$ 7,439,316
Transaction fees (twelve months of temporary fee reductions in 2022)	18,494,388	17,714,887	9,942,109
Trade count fees (twelve months of temporary fee reductions in 2022)	11,572,792	10,507,502	4,777,373
Municipal advisor professional fees	2,997,680	3,030,360	2,937,000
529 plan underwriting fees	1,454,429	1,269,753	1,497,483
Annual and initial fees	1,433,000	1,494,000	1,531,000
Data subscriber fees and other revenue	5,614,022	4,017,881	1,590,283
Rule violation fine revenue	920,264	153,694	761,500
Total Revenue	57,478,557	49,074,371	30,476,064
Expenses	49,175,345	46,879,987	41,558,950
Change in Net Assets	\$ 8,303,212	\$ 2,194,384	\$ (11,082,886)
Statements of Cash Flows			
Cash Provided (Used) from Operating Activities	\$ 9,815,220	\$ 1,657,256	\$ (5,333,455)
Cash Investment in Technology Systems and Other Fixed Assets	\$ 5,773,895	\$ 6,294,438	\$ 7,892,994



Financial Statements as of and for the Years Ended September 30, 2024 and 2023

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View the MSRB's Financial statements in a machine readable format on [MSRB.org](https://msrb.org).



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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors
The Municipal Securities Rulemaking Board

Opinion

We have audited the financial statements of The Municipal Securities Rulemaking Board (the "MSRB"), which comprise the statement of financial position as of September 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the MSRB as of September 30, 2024, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audit of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the MSRB and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other matter

The financial statements of the MSRB for the year ended September 30, 2023 were audited by other auditors who expressed an unmodified opinion on those financial statements in their report dated December 21, 2023.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the MSRB's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

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Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the MSRB's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the MSRB's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Grant Thornton LLP

Melville, New York
December 17, 2024

STATEMENTS OF FINANCIAL POSITION

September 30, 2024 and 2023

2024

2023

ASSETS

Cash and cash equivalents	\$ 3,867,525	\$ 3,494,056
Accounts receivable, net of allowance for credit losses of \$205,520 and \$158,576, respectively.	8,361,685	6,716,651
Prepaid and other assets	2,276,125	2,063,241
Accrued interest receivable	294,420	229,576
Investments	44,576,454	39,476,522
Operating lease right-of-use asset	6,473,953	7,108,454
Fixed assets, net of accumulated depreciation of \$44.5 million and \$40.5 million, respectively	18,214,981	17,133,695

TOTAL ASSETS

\$ 84,065,143 \$ 76,222,195

LIABILITIES AND NET ASSETS

Accounts payable and accrued liabilities	\$ 4,650,484	\$ 4,028,668
Accrued vacation payable	1,257,154	1,195,938
Data subscription contract liabilities	336,070	359,508
Capital lease liability	1,187	2,151
Operating lease liability	10,810,635	11,929,529
Total liabilities	17,055,530	17,515,794

Undesignated net assets 64,755,896 51,870,550

Board designated, systems modernization fund 2,253,717 6,835,851

Net assets—without restrictions 67,009,613 58,706,401

TOTAL LIABILITIES AND NET ASSETS

\$ 84,065,143 \$ 76,222,195

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF ACTIVITIES

For the years ended September 30, 2024 and 2023

2024

2023

REVENUE:

Underwriting fees	\$ 14,991,982	\$ 10,886,294
Transaction fees	18,494,388	17,714,887
Trade count fees	11,572,792	10,507,502
Annual and initial fees	1,433,000	1,494,000
Data subscriber fees	2,623,706	2,386,429
Municipal advisor professional fees	2,997,680	3,030,360
529 plan underwriting fees	1,454,429	1,269,753
Rule violation fine revenue	920,264	153,694
Other income	2,990,316	1,631,452

Total Revenue

57,478,557 49,074,371

EXPENSES:

Program services expense

Information Technology Services	11,413,244	9,963,367
Market Transparency Products and Services	17,486,406	17,859,705
Market Regulation and Market Structure	7,645,413	6,959,263
External Relations	2,366,101	2,559,864

Total program services expense

38,911,164 37,342,199

Supporting services expense

Governance and Leadership	5,358,147	4,937,577
Finance, Risk, Human Resources and Administration	4,906,034	4,600,211

Total supporting services expense

10,264,181 9,537,788

Total Operating Expenses

49,175,345 46,879,987

CHANGE IN NET ASSETS

8,303,212 2,194,384

NET ASSETS — Beginning of year

58,706,401 56,512,017

NET ASSETS — End of year

\$ 67,009,613 \$ 58,706,401

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF FUNCTIONAL EXPENSES

Year ended September 30, 2024

	Program Activities					Supporting Activities		
	Information Technology Services	Market Transparency Products and Services	Market Regulation and Market Structure	External Relations	Program Totals	Governance and Leadership	Finance, Risk, Human Resources and Administration	Total Expenses
Compensation of current officers, directors, other salaries and employee benefits	\$ 4,302,621	\$ 7,731,289	\$ 6,113,240	\$ 1,283,390	\$ 19,430,540	\$ 4,158,985	\$ 3,299,751	\$ 26,889,276
Fees for services	1,122,123	1,973,312	134,154	581,931	3,811,520	178,484	601,070	4,591,074
Information technology	4,083,621	2,355,983	253,069	167,194	6,859,867	148,052	227,642	7,235,561
Occupancy	461,282	798,847	529,796	108,010	1,897,935	276,837	275,340	2,450,112
Travel and meetings	5,151	12,576	248,908	50,867	317,502	251,522	75,487	644,511
Depreciation and amortization	91,857	4,181,954	115,326	23,512	4,412,649	60,262	59,936	4,532,847
Insurance	36,444	68,991	45,755	9,328	160,518	179,605	23,779	363,902
Data and information services	1,139,591	—	98,304	9,649	1,247,544	—	—	1,247,544
Dues, registration and training	33,890	18,074	14,585	5,638	72,187	43,804	51,231	167,222
Property and other taxes	51,213	207,254	10,191	16,156	284,814	7,175	15,702	307,691
Office and other expenses	85,451	138,126	82,085	110,426	416,088	53,421	276,096	745,605
Total Expenses	\$ 11,413,244	\$ 17,486,406	\$ 7,645,413	\$ 2,366,101	\$ 38,911,164	\$ 5,358,147	\$ 4,906,034	\$ 49,175,345

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF FUNCTIONAL EXPENSES

As conformed to current year presentation, Year ended September 30, 2023

	Program Activities					Supporting Activities		
	Information Technology Services	Market Transparency Products and Services	Market Regulation and Market Structure	External Relations	Program Totals	Governance and Leadership	Finance, Human Resources and Administration	Total Expenses
Compensation of current officers, directors, other salaries and employee benefits	\$ 3,485,292	\$ 8,423,231	\$ 5,408,229	\$ 1,389,391	\$ 18,706,143	\$ 3,516,810	\$ 3,190,942	\$ 25,413,895
Fees for services	1,329,553	1,930,128	244,899	603,539	4,108,119	486,874	422,471	5,017,464
Information technology	3,116,765	2,338,466	199,425	172,798	5,827,454	114,215	199,571	6,141,240
Occupancy	452,048	755,921	482,313	123,716	1,813,998	237,342	274,087	2,325,427
Travel and meetings	9,132	2,954	271,246	48,381	331,713	244,681	88,710	665,104
Depreciation and amortization	97,032	3,935,832	110,731	28,403	4,171,998	54,490	62,926	4,289,414
Insurance	38,739	69,287	44,208	11,340	163,574	176,699	25,123	365,396
Data and information services	1,174,706	—	88,144	7,689	1,270,539	—	—	1,270,539
Dues, registration and training	42,797	13,627	10,752	3,853	71,029	32,268	61,800	165,097
Property and other taxes	120,604	288,424	15,870	77,112	502,010	9,250	21,640	532,900
Office and other expenses	96,699	101,835	83,446	93,642	375,622	64,948	252,941	693,511
Total Expenses	\$ 9,963,367	\$ 17,859,705	\$ 6,959,263	\$ 2,559,864	\$ 37,342,199	\$ 4,937,577	\$ 4,600,211	\$ 46,879,987

STATEMENTS OF FUNCTIONAL EXPENSES

As previously presented, Year ended September 30, 2023

	Program Activities					Supporting Activities		
	Market Regulation	Market Transparency and Technology	Market Structure and Data	External Relations	Program Totals	Governance and Leadership	Finance, Human Resources and Administration	Total Expenses
Compensation of current officers, directors, other salaries and employee benefits	\$ 4,037,063	\$ 9,448,276	\$ 3,672,352	\$ 1,420,374	\$ 18,578,065	\$ 3,576,248	\$ 3,259,582	\$ 25,413,895
Fees for services	177,876	2,668,205	644,253	606,314	4,096,648	492,196	428,620	5,017,464
Information technology	106,596	5,455,016	137,424	164,154	5,863,190	97,630	180,420	6,141,240
Occupancy	355,426	981,331	340,759	126,203	1,803,719	242,112	279,596	2,325,427
Travel and meetings	270,531	9,756	3,137	48,363	331,787	244,647	88,670	665,104
Depreciation and amortization	81,600	3,980,833	78,233	28,974	4,169,640	55,583	64,191	4,289,414
Insurance	32,578	87,253	31,234	11,568	162,633	177,135	25,628	365,396
Data and information services	29,141	1,174,706	59,003	7,689	1,270,539	—	—	1,270,539
Dues, registration and training	10,169	45,147	12,207	3,785	71,308	32,139	61,650	165,097
Property and other taxes	10,475	351,846	63,831	76,868	503,020	8,781	21,099	532,900
Office and other expenses	50,739	169,288	60,888	93,847	374,762	65,352	253,397	693,511
Total Expenses	\$ 5,162,194	\$ 24,371,657	\$ 5,103,321	\$ 2,588,139	\$ 37,225,311	\$ 4,991,823	\$ 4,662,853	\$ 46,879,987

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

For the years ended September 30, 2024 and 2023

2024

2023

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 8,303,212	\$ 2,194,384
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	4,532,847	4,289,414
Net loss on disposal of long-lived assets	39,975	7,864
Unrealized gains on investments	(1,404,035)	(492,866)
Realized gains on investments	(29,005)	(30,105)
Bad debt expense	68,272	25,744
Changes in assets and liabilities:		
Accounts receivable	(1,713,306)	(2,646,906)
Prepaid and other assets	(228,884)	(273,637)
Accrued interest receivable	(64,844)	(85,968)
Operating lease activity	(484,393)	(503,871)
Accounts payable and accrued liabilities	757,603	(945,848)
Accrued vacation payable	61,216	50,390
Data subscription contract liabilities	(23,438)	68,661

Net cash provided by operating activities

9,815,220 1,657,256

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of long-lived assets	(5,773,895)	(6,294,438)
Purchases of investments	(20,466,892)	(13,682,057)
Maturities of investments	16,800,000	17,939,375
Net cash used in investing activities	(9,440,787)	(2,037,120)

CASH FLOW FROM FINANCING ACTIVITIES:

Payments of lease obligation	(964)	(854)
Net cash used in financing activities	(964)	(854)

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

373,469 (380,718)

CASH AND CASH EQUIVALENTS, Beginning of year

3,494,056 3,874,774

CASH AND CASH EQUIVALENTS, End of year

\$ 3,867,525 \$ 3,494,056

SCHEDULE OF NONCASH INVESTING ACTIVITIES

Accrual of long-lived assets	\$ 183,451	\$ 319,238
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The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

1. NATURE OF OPERATIONS

The Municipal Securities Rulemaking Board (MSRB) was created by Congress under the 1975 Amendments to the Securities Exchange Act of 1934, and the authority of the MSRB was expanded by further amendments to the Exchange Act under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (as amended, the Exchange Act). The MSRB is incorporated as a not-for-profit, non-stock corporation pursuant to the laws of the Commonwealth of Virginia. Under the Exchange Act, the MSRB is a self-regulatory organization (SRO) with authority to adopt rules regulating the municipal securities activities of brokers, dealers and municipal securities dealers, and the municipal advisory activities of municipal advisors (collectively referred to as "regulated entities"), to promote fair and efficient markets and to protect investors, municipal entities, obligated persons and the public interest. The MSRB collects and disseminates market information, operates the Electronic Municipal Market Access (EMMA®) website to promote transparency and widespread access to information, and also engages with stakeholders on a variety of topics.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation — The MSRB's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and are presented pursuant to Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, Not-for-Profit Entities (ASC 958). The MSRB is required to report the following net asset classifications:

- Net assets without restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the MSRB. These net assets may be used at the discretion of the MSRB's management and the Board.
- Net assets with restrictions: Net assets subject to stipulations imposed by donors and grantors. The MSRB does not have donor restricted net assets.

Recently Adopted Accounting Standards — In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments--Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASU 2016-13), which changes how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. ASU 2016-13 replaces the existing incurred loss impairment model with a forward-looking expected credit loss model, which will result in earlier recognition of credit losses. It requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates.

The MSRB adopted ASU 2016-13 as of October 1, 2023, under the modified retrospective transition method. An allowance for credit losses under the current expected credit losses (CECL) methodology is determined using the loss rate approach and measured on a collective (pool) basis when similar risk characteristics, such as financial asset type and the historical or expected credit loss pattern, exist. The allowance for credit losses is based on relevant available information from internal and external sources relating to past events, current conditions, and reasonable and supportable forecasts. The change in the allowance for credit losses on the date of adoption was not material to the financial statements. The allowance for credit losses as of September 30, 2024 was \$205,520, of which \$70,623 related to underwriting fees, transaction and trade count fees, municipal advisor per professional fees, and, data subscribers, and \$134,897 related to annual, late and finance fees which are receivables with similar risk characteristics.

Prior to the adoption of ASC 326, the MSRB maintained an allowance for doubtful accounts to reserve for potentially uncollectible receivables. The allowance for doubtful accounts as of September 30, 2023 was \$158,576.

Fair Value Measurement — The MSRB measures fair value in accordance with the provisions of Financial Accounting Standards Board (FASB) ASC 820, Fair Value Measurement, which provides a common definition of fair value for GAAP, establishes a framework for measuring fair value, provides a fair value hierarchy based on the quality of inputs used to measure fair value and enhances disclosure requirements.

Cash Equivalents — Highly liquid investments with maturities of three months or less at the date of purchase are considered to be cash equivalents. Included in cash equivalents are short term money market mutual funds fully invested in securities backed by the full faith and credit of the United States (U.S.) Government with a total

fair market value of approximately \$2.7 million and \$2.6 million at September 30, 2024 and 2023, respectively.

Investments — Investments are stated at fair value. Investments consist of U.S. Treasury notes, obligations of U.S. government sponsored enterprises that are fully guaranteed by the U.S. Government, and certificates of deposit that are FDIC insured.

Accounts Receivable, Net of Allowance for Credit Losses — Accounts receivable are recorded at invoiced amounts and do not bear interest. Accounts receivable are reported net of an allowance for credit losses in the statements of financial position. Management's estimate of the allowance for credit losses is based on consideration of credit risk and analysis of receivables aging, specific identification of certain receivables that are at risk of not being paid, past collection experience, current conditions, and reasonable and supportable forecasts. Account balances are written off against the allowance once the potential for recovery is considered remote.

Concentration of Credit Risk — Financial instruments that potentially subject the MSRB to a concentration of credit risk consist principally of cash, cash equivalents, accounts receivable and investments. The MSRB maintains cash primarily in non-interest-bearing accounts with FDIC insurance up to \$250,000 with balances at one financial institution exceeding the FDIC limit by approximately \$855,000 and \$647,000 at September 30, 2024 and 2023, respectively. Investments of the MSRB are backed by the full faith and credit of the U.S. Government, or its fully guaranteed government sponsored enterprises. Accounts receivable consist of fees due from regulated entities and data subscribers. At times, there are certain significant balances due from regulated entities but the MSRB does not believe it is exposed to any significant credit risk on these balances. Six regulated entities accounted for approximately one-third of total fee revenue in fiscal year 2024 and eight regulated entities accounted for approximately one-third of total fee revenue in fiscal year 2023.

Use of Estimates — The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates are used in accounting for, among other things, realization of accounts receivable, the carrying value of investments, the impairment of long-lived assets, and the capitalization of internally developed software costs. Actual results could differ from those estimates.

Fixed Assets — Computer and office equipment, as well as furniture and fixtures and capitalized software costs, are recorded at cost and are depreciated using the straight-line method over three years and five years, respectively. Acquisition costs include all expenses necessary to prepare the asset for its intended purpose including direct labor related costs. Leasehold improvements are amortized using the straight-line method over the shorter of the remaining lease period or the estimated useful life of the improvement. Improvements and replacements of fixed assets are capitalized. Maintenance and repairs that do not improve or extend the lives of fixed assets are charged to expense as incurred.

When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts, and any gain or loss is recognized in the statements of activities.

Capitalized Software Costs — The MSRB capitalizes certain costs associated with computer software developed or obtained for internal use as part of the MSRB information systems. The MSRB's policy provides for the capitalization of external direct costs of materials and services and direct payroll-related costs incurred during the application development stage as well as costs related to upgrades and enhancements to this software provided it is probable that these expenditures will result in additional functionality. Costs associated with preliminary project stage activities, training, maintenance and post implementation stage activities are expensed as incurred.

After all substantial testing and deployments are completed and the software is ready for its intended use, internally developed software costs are amortized using the straight-line method over three or five years, depending upon the expected useful life.

Software as a Service Implementations — As the MSRB continues to modernize systems and advances its Strategic Plan goals of Market Data and Market Transparency, costs to implement software licensed or hosted by a third-party vendor in cloud computing environments offered as a service are incurred. Implementation costs incurred during the onboarding or customization stage are generally capitalized and amortized over the term of the software service or hosting arrangement on a straight-line basis. For the years ended September 30, 2024 and 2023, the MSRB capitalized \$13,400 and \$3,180, respectively, of costs incurred to implement software as a service arrangement. Amortization expense of capitalized implementation costs for cloud computing arrangements totaled approximately \$24,000 and \$19,200 for the years ended September 30, 2024 and 2023, respectively, which is included in computer licenses, maintenance and supplies within the statement

of functional expenses. The net deferred cloud implementation costs of approximately \$19,300 and \$32,700 are included on the statements of financial position within prepaid expenses and other assets at September 30, 2024 and 2023, respectively, and will be expensed over the term of the related cloud computing arrangements.

Impairment of Long-Lived Assets — The MSRB's policy is to review its long-lived assets, such as fixed assets and capitalized software costs, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment, if any, is recognized in the period of identification to the extent the carrying amount of an asset exceeds the fair value of such asset.

Leases — The MSRB determines whether an arrangement constitutes a lease at the inception of the contract. This determination aligns with the guidelines specified in ASC 842 and involves evaluating various factors. Key considerations include assessing its own ability to control and direct the use of the asset and determining whether the counterparty holds a substantive substitution right.

The MSRB leases office space under a non-cancelable operating lease which includes options that permit renewals for additional periods as well as a one-time option to terminate with a significant termination penalty. The lease agreement does not contain any material residual value guarantee, restrictive covenant, or variable lease payments that would be included in the operating lease liability.

Under ASC 842, right-of-use assets (ROU) represent the MSRB's entitlement to utilize underlying assets for the lease term, while lease liabilities represent MSRB's commitment to make lease payments throughout the lease period. The recognition of ROU assets and lease liabilities occurs on the lease's commencement date, based on the present value of lease payments over the agreed-upon lease term. The MSRB employs the implicit rate when it is readily determinable to discount lease cash flows. In cases where the implicit rate cannot be determined, the MSRB uses its collateralized interest rate.

ROU assets and lease liabilities resulting from operating leases are disclosed on the statements of financial position. The MSRB has one finance lease and it is included in fixed assets, and capital lease liabilities in the statements of financial position.

Data Subscription Contract Liabilities — Data subscription contract liabilities relates to payments received in advance of the satisfaction of performance under the data subscription contract which is the delivery of the data feeds. The MSRB receives payments from data subscribers based upon the terms established in its contracts.

Functional Allocation of Expenses — The costs of providing the various organizational activities and programs have been summarized on a functional basis in the statements of activities. Certain categories of expenses are attributable to more than one program or supporting function. Therefore, these expenses require allocation determined by management on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and amortization, occupancy, internal information technology, office expenses, general insurance, and personal property taxes, which are allocated based upon a percentage of total salaries. Certain salaries were allocated based upon estimated efforts.

Functional Descriptions:

Information Technology Services — The Information Technology Services team operates, maintains and enhances the 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 the MSRB regulatory and other activities and to assist market participants, policymakers and the public in developing a deeper understanding of the municipal securities market.

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

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

Reclassifications—Certain amounts in the fiscal year 2023 financial statements have been reclassified to conform to the fiscal year 2024 presentation. For the fiscal year 2023 functional expense reporting, functional areas have been redefined to align with the MSRB's allocation of resources to strategic goals to deploy the tools of regulation, technology and data in impactful ways that strengthen the municipal securities market and serve the public trust. Redefining functional areas required certain salaries and expenses attributable to the function, be reallocated based upon estimated efforts and expenses that are allocated based upon a percentage of total salaries being reallocated.

Reciprocal Transactions — The MSRB receives municipal credit ratings data for municipal securities in exchange for its data subscription service feeds. The revenue and expenses are recognized in the statements of activities at the same data subscription fee rate that other data subscribers pay for similar services. Revenue and expenses recognized totaled \$137,500 for each of the years ended September 30, 2024 and 2023.

Revenue Recognition:

As the self-regulatory organization for the municipal market, the MSRB's performance obligations under the Exchange Act include the adoption of rules regulating the municipal securities activities of brokers, dealers and municipal securities dealers, and the municipal advisory activities of municipal advisors, collecting and disseminating market information, and operating the Electronic Municipal Market Access (EMMA®) website. In addition, the MSRB engages in outreach and provides education to stakeholders and provides enforcement support to other regulators who enforce MSRB rules. Circumstances may exist where such revenue could be variable, the estimate of variable consideration is not typically constrained, as any effects of such variable consideration are known to the MSRB at year end.

Underwriting Fees — The underwriting fee on municipal securities dealers acting as underwriters is required to be paid per Rule A-13 and is equal to \$0.0297 per \$1,000 of the par value of municipal securities purchased by underwriters from an issuer as part of a new issue for the period October 1, 2022 through September 30, 2024 except for the period January 1, 2024 through January 28, 2024 at which time the fee is \$.0371 per \$1,000 of par.

The performance obligation associated with underwriting fees is satisfied in the month the underwriter files the offering document with the MSRB at which time revenue is recognized.

Transaction Fees — The transaction fee on municipal securities dealers is required to be paid per Rule A-13 and is \$0.0107 per \$1,000 par value of bonds sold and is levied on both customer and interdealer transactions as specified in Rule A-13 for the period October 1, 2022 through September 30, 2024 except for the period January 1, 2024 to January 28, 2024 at which time the fee is \$.0091 per \$1,000 of par. As described in this rule, certain transactions are exempt from this fee.

The performance obligation associated with transaction fees is satisfied as transactions are settled at which time revenue is recognized.

Trade Count Fees — The trade count fee on municipal securities dealers is required to be paid per Rule A-13 and is \$1.10 per municipal security trade for all customer and interdealer sales transactions for the period October 1, 2022 through September 30, 2024 except for the period January 1, 2024 through January 28, 2024 at which time is \$.57 per municipal security trade.

The performance obligation associated with trade count fees is satisfied as sales transactions are settled at which time revenue is recognized.

Data Subscriber Fees — For a fee, the MSRB provides access to the MSRB subscription services that collect, store and provide information pertaining to the municipal securities market. The MSRB Primary Market Disclosure subscription service includes official statements, advance refunding documents and related data. The MSRB Continuing Disclosure subscription service includes continuing disclosure documents and related

data from municipal securities issuers, obligated persons and their agents. The Real Time Transaction Reporting subscription service covers data on all municipal securities transactions for purposes of price transparency and surveillance. Finally, the Short-term Obligation Rate Transparency subscription service covers short-term obligation rate reset data and related documents.

Information processed by these systems is sold to subscribers on an annual basis and the performance obligations associated with these data subscriptions are satisfied over-time as services are rendered with revenue recognized straight-line over the period of service. In addition, the MSRB sells annual historical data sets from these systems, with the fee billed and recognized at the time of purchase.

Municipal Advisor Professional Fees — Each municipal advisor that is registered with both the SEC and the MSRB is required to pay an annual per professional fee of \$1,060 for fiscal year 2024 and fiscal year 2023 per Rule A-11.

The performance obligation associated with municipal advisor professional fees is satisfied when the number of associated persons for whom the firm has filed a Form MA-1 with the Securities and Exchange Commission (SEC) as of January 31 is confirmed and billed in April at which time revenue is recognized.

529 Plan Underwriting Fees — Underwriters to 529 savings plans must pay an annual fee of \$.005 per \$1,000 of the total aggregate plan assets as of December 31 of each year as reported on MSRB Form G-45, and as required to be paid per Rule A-13.

The performance obligation associated with 529 plan underwriting fees is satisfied when the total aggregate plan assets as of December each year are reported on MSRB Form G-45 are processed and billed in May at which time revenue is recognized.

Annual and Initial Fees — With respect to each fiscal year of the MSRB in which a regulated entity conducts business, the regulated entity is required to pay an annual fee of \$1,000 per Rule A-12. Revenue is recognized when regulated entities are billed annually in October, or when received upon initial registration with the MSRB to conduct business. The initial fee is a one-time fee of \$1,000 which is to be paid by every regulated entity upon registration with the MSRB under Rule A-12. Initial fee revenue is recognized when received.

Rule Violation Fine Revenue — The Dodd-Frank Act provides that fines collected by the SEC for violations of the rules of the MSRB shall be equally divided between the SEC and the MSRB, and that one-third of fines collected by the Financial Industry Regulatory Authority (FINRA) allocable to violations of the rules of the MSRB will be paid to the MSRB, although the portion of such fines payable to the MSRB may be modified at the direction of the SEC upon agreement between the MSRB and FINRA. The performance obligation associated with fine revenue is satisfied when the fines are paid to the SEC or FINRA at which time the MSRB's allocable portion is recognized as revenue.

Professional Qualification Examination Fees — Rule A-16 establishes the examination fee on persons taking certain qualification examinations of \$150 per exam. These examinations include the Series 50 (Municipal Advisor Representative Qualification Examination), Series 51 (Municipal Fund Securities Limited Principal Qualification Examination), Series 52 (Municipal Securities Representative Qualification Examination), Series 53 (Municipal Securities Principal Qualification Examination) and Series 54 (Municipal Advisor Principal Qualification Examination).

Professional qualification examination fees are recognized in the month the exams are administered and totaled \$287,805 and \$281,700 for the years ended September 30, 2024 and 2023, respectively. Professional qualification examination fees are included in other income in the accompanying statements of activities.

3. INVESTMENTS

Investments as of September 30, 2024 and 2023, consist of the following:

	2024	2023
U.S. Treasury notes	\$ 36,407,348	\$ 31,531,428
Certificates of deposit	7,668,808	7,451,270
Government-guaranteed agency securities	500,298	493,824
Total investments	\$ 44,576,454	\$ 39,476,522

Government-guaranteed agency securities include Federal National Mortgage Association and Federal Home Loan Mortgage Corporation bonds, government sponsored enterprises fully guaranteed by the U.S. Government.

In September 2014, a letter of credit in the amount of \$130,000 was accepted as a security deposit by the landlord under the terms of the new office lease in Washington, D.C. The MSRB purchased a certificate of deposit for the same amount to collateralize the letter of credit. This holding is included in certificates of deposit and is valued at \$139,403 as of September 30, 2024 and 2023.

Net investment returns disclosed net of internal direct investment expenses of \$15,888 and \$12,548 in 2024 and 2023, respectively are included in other income in the accompanying statements of activities for the fiscal years ended September 30, 2024 and 2023 and consists of the following:

	2024		2023	
Interest and dividends	\$	1,034,928	\$	647,066
Unrealized gain		1,404,035		492,866
Realized gain		29,005		30,105
Total net investment return	\$	2,467,968	\$	1,170,037

4. FAIR VALUE MEASUREMENTS

The carrying amounts of financial instruments, including cash and cash equivalents not subject to fair value measurements, receivables, accounts payable and accrued expenses, approximate fair value as of September 30, 2024 and 2023 because of the relatively short duration of these instruments.

The MSRB carries certain financial instruments at fair value which it defines as the amount that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The MSRB is responsible for the determination of the value of the investments carried at fair value and the supporting methodologies and assumptions.

The degree of judgment used in measuring the fair value of financial instruments generally inversely correlates with the level of observable valuation inputs. The MSRB maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. Financial instruments with quoted prices in active markets generally have more pricing observability, and less judgment is used in measuring fair value. Conversely, financial instruments for which no quoted prices are available have less observability and are measured at fair value using valuation models or other pricing techniques that require more judgment. Pricing observability is affected by a number of factors, including the type of financial instrument, whether the financial instrument is new to the market and not yet established, and the characteristics specific to the transaction, liquidity and general market conditions.

The MSRB's policy uses the GAAP framework for measuring fair value, which provides a fair value hierarchy based on observable inputs. The hierarchy reflects three levels based on the transparency of inputs as follows:

Level 1 — Fair value measurements that are based on quoted prices (unadjusted) in active markets that the MSRB has the ability to access for identical assets or liabilities. Market price data generally is obtained from exchange or dealer markets.

Level 2 — Fair value measurements based on inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 — Fair value measurements based on valuation techniques that use significant inputs that are unobservable. Both observable and unobservable inputs may be used to determine the fair values of positions classified in level 3. The circumstances for using these measurements include those in which there is little, if any, market activity for the asset or liability. Therefore, the MSRB would make assumptions about the inputs a hypothetical market participant would use to value that asset or liability. In certain cases, the inputs used to

measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The MSRB considers observable market data to be readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the entity's perceived risk of that instrument.

The MSRB's Level 2 investments include U.S. Treasury notes, obligations of U.S. government sponsored enterprises fully guaranteed by the U.S. Government and certificates of deposit.

The MSRB bases the fair value on pricing obtained from the MSRB's investment brokers. The MSRB does not adjust for or apply any additional assumptions or estimates to the pricing information it receives from its brokers. The brokers' pricing is compared to industry standard data providers or current yields available on comparable securities for reasonableness. The MSRB considers this the most reliable information available for the valuation of investments.

Investments were recorded at fair value as of September 30, 2024 and 2023, based on the following levels of hierarchy:

2024		Level 1	Level 2	Level 3	Total
U.S. Treasury notes	\$	–	\$ 36,407,348	\$ –	\$ 36,407,348
Certificates of deposit		–	7,668,808	–	7,668,808
Government-guaranteed agency securities		–	500,298	–	500,298
Total investments	\$	–	\$ 44,576,454	\$ –	\$ 44,576,454

2023		Level 1	Level 2	Level 3	Total
U.S. Treasury notes	\$	–	\$ 31,531,428	\$ –	\$ 31,531,428
Certificates of deposit		–	7,451,270	–	7,451,270
Government-guaranteed agency securities		–	493,824	–	493,824
Total investments	\$	–	\$ 39,476,522	\$ –	\$ 39,476,522

5. ACCOUNTS RECEIVABLE

Accounts receivable as of September 30, 2024, and 2023 consist of the following:

	2024	2023
Billed accounts receivable	\$ 5,750,972	\$ 4,404,335
Unbilled accounts receivable	2,816,233	2,470,892
	8,567,205	6,875,227
Less: allowance for credit losses	(205,520)	(158,576)
Total accounts receivable — net	\$ 8,361,685	\$ 6,716,651

Changes in the MSRB's allowance for credit losses for accounts receivable are as follows:

Year ended September 30, 2024							
	Broker-dealer fees	Municipal advisor fees	Data subscriber fees	Annual fees	Late Fees	Total	
Beginning of period balance	\$ 9,769	\$ 36,102	\$ 8,711	\$ 40,666	\$ 63,328	\$ 158,576	
Provision for / (recovery of expected credit losses)	5,080	17,958	913	15,254	29,557	68,762	
Write-offs	(1,035)	–	(6,875)	(10,000)	(3,908)	(21,818)	
End of period balance	\$ 13,814	\$ 54,060	\$ 2,749	\$ 45,920	\$ 88,977	\$ 205,520	

Unbilled receivables at September 30, 2024, 2023 and 2022 consist primarily of September transaction and trade count fees billed in early November. Beginning receivables at October 1, 2022 were \$4,245,206 including billed accounts receivable and unbilled receivables of \$2,651,605 and \$1,593,601, respectively.

6. PREPAID AND OTHER ASSETS

Prepaid and other assets as of September 30, 2024 and 2023 consist of the following:

	2024	2023
Prepaid assets	\$ 2,260,914	\$ 2,040,358
Deposits	15,211	22,883
Total prepaid and other assets	\$ 2,276,125	\$ 2,063,241

7. FIXED ASSETS

Fixed assets as of September 30, 2024 and 2023 consist of the following:

	2024	2023
Capitalized software costs	\$ 55,014,453	\$ 49,687,576
Leasehold improvements	4,443,677	4,397,760
Computer and office equipment	1,483,904	1,777,866
Furniture and fixtures	1,737,163	1,729,884
Total fixed asset acquisition costs	62,679,197	57,593,086
Less accumulated depreciation and amortization:		
Capitalized software costs	(39,016,145)	(35,148,993)
Leasehold improvements	(2,567,958)	(2,269,682)
Computer and office equipment	(1,293,404)	(1,489,283)
Furniture and fixtures	(1,586,709)	(1,551,433)
Total fixed asset accumulated depreciation and amortization	(44,464,216)	(40,459,391)
Total fixed assets - net	\$ 18,214,981	\$ 17,133,695

Depreciation expense and amortization expense during fiscal years 2024 and 2023 are as follows:

	2024	2023
Depreciation expense	\$ 226,509	\$ 226,766
Amortization expense for capitalized software cost and leasehold improvements	4,306,338	4,062,648
Total depreciation and amortization expense	\$ 4,532,847	\$ 4,289,414

Impairment of long-lived assets — Through regular review of long-lived assets, in fiscal years 2024 and 2023 no estimated impairment loss was recognized.

Leasehold improvements — In conjunction with the Washington, D.C. office lease, the landlord provided up to \$4.4 million in landlord incentives, of which \$4.03 million funded leasehold improvements and \$323,000 offset future rent payments.

Capitalized software costs — For the fiscal years ended September 30, 2024 and 2023, \$10.5 million and \$5.4 million, respectively, of internally developed work-in-process costs for software not yet implemented are included in capitalized software costs.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities as of September 30, 2024 and 2023 consist of the following:

	2024	2023
Accounts payable and accrued expenses	\$ 1,518,033	\$ 1,710,593
Salaries, taxes and benefits payable	3,132,451	2,318,075
Total accounts payable and accrued liabilities	\$ 4,650,484	\$ 4,028,668

9. LEASES

Operating Leases — The MSRB leases office space under operating lease arrangements. The MSRB moved to new office space in Washington, D.C. in December 2015 and the lease will expire in fiscal year 2031.

As of October 1, 2022, the MSRB recognized an operating lease ROU asset of \$7.6 million, inclusive of a \$5.3 million deferred rent adjustment, and an operating lease liability of \$12.9 million.

The MSRB elected certain practical expedients when implementing the standard. These expedients allow the MSRB to avoid reassessing whether expired or existing contracts constitute leases, the lease classification of such leases, and the initial direct costs of existing leases as of the effective date. The MSRB also elected to combine lease and related non-lease components and to exclude a ROU asset or liability for short-term contracts, defined as those with a term of twelve months or less.

Maturities of operating lease liabilities are as follows:

Years Ending September 30	
2025	\$ 1,918,188
2026	1,966,188
2027	2,015,352
2028	2,065,692
2029	2,117,388
2030 and beyond	3,269,070
Total operating lease payments	\$ 13,351,878
Less interest	(2,541,343)
Operating lease liability	\$ 10,810,635

Included in fiscal years 2024 and 2023 furniture and fixtures is the capitalized lease of a postage meter with a cost of \$4,536 and recognized amortization expense of \$864 in fiscal year ended September 30, 2024 and 2023.

Maturities of capital lease liabilities are as follows:

Years Ending September 30		
2025	\$	1,164
2026		97
2027		–
2028		–
2029		–
2030 and beyond		–
Total capital lease payments	\$	1,261
Less interest		(74)
Present value of lease payments	\$	1,187

Supplemental information related to leases is presented in the table below:

Year ended September 30	2024	2023
Amortization of right-of-use assets - finance lease	\$ 877	\$ 877
Interest on lease liabilities - finance lease	200	310
Operating lease cost	1,386,953	1,386,953
Variable lease cost (common charges)	1,015,643	1,035,521
Total Lease Cost	\$ 2,403,673	\$ 2,423,661
Finance lease - operating cash flows	\$ 200	\$ 310
Operating lease - operating cash flows (fixed payments)	1,871,346	1,825,674
Operating lease - operating cash flows (liability reduction)	\$ 1,118,894	\$ 1,007,152

As of September 30	2024	2023
Weighted Average Lease Term - Finance Leases	1.00 yrs	2.01 yrs
Weighted Average Lease Term - Operating Leases	6.50 yrs	7.50 yrs
Weighted Average Discount Rate - Finance Leases	12.25%	12.25%
Weighted Average Discount Rate - Operating Leases	6.65%	6.65%

10. RETIREMENT PLAN

The MSRB has a defined contribution retirement plan for all employees. Participation commences upon date of hire as described in the plan document. For all active participants employed on the first day of the calendar quarter, the MSRB makes a quarterly contribution as required by the plan document. The contribution percentage ranges from 7% to 9% depending on the length of service as set forth in the plan document.

Each employee is fully vested upon being credited with three plan years of service. Employees may also make voluntary contributions to the plan. The MSRB made contributions to the plan totaling \$1,617,338 and \$1,487,108 for the years ended September 30, 2024 and 2023, respectively.

All administrative expenses of the plan are paid by the MSRB. Administrative expenses total \$1,250 and \$1,750 for the years ended September 30, 2024 and 2023, respectively.

11. INCOME TAXES

The MSRB is exempt from federal and state taxes on income (other than unrelated business income) under Section 501(c)(6) of the Internal Revenue Code (IRC) and applicable income tax regulations of the Commonwealth of Virginia and District of Columbia. The MSRB files an annual informational tax form, Form 990, with the Internal Revenue Service.

The MSRB addresses uncertain tax positions in accordance with ASC Topic 740, Income Taxes, which provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in financial statements. During the years from 2021 to 2024, which represent the years management considers to be open for examination by taxing authorities, management did not identify the existence of any uncertain tax position.

12. AVAILABILITY OF RESOURCES AND LIQUIDITY

The following represents the MSRB's financial assets at September 30, 2024 and 2023:

	2024	2023
Cash and cash equivalents	\$ 3,867,525	\$ 3,494,056
Investments	44,576,454	39,476,522
Accounts receivable - net	8,361,685	6,716,651
Accrued interest receivable	294,420	229,576
Total financial assets	57,100,084	49,916,805
Less amounts not available to be used within one year:		
Certificate of deposit held as collateral for lease letter of credit	139,403	139,403
Board designated net assets	2,253,717	6,835,851
	2,393,120	6,975,254
Financial assets available to meet general expenditures over the next twelve months	\$ 54,706,964	\$ 42,941,551

Organizational reserves are maintained to ensure the MSRB has appropriate resources to support mission objectives, respond to regulatory requirements and pursue opportunities, to enable the organization to be fiscally prepared regardless of economic conditions, to provide the MSRB with the requisite level of liquidity to fund ongoing operations, and to ensure the long-term financial sustainability of the organization. The MSRB determines the target for organizational reserves by conducting a detailed and comprehensive analysis of the liquidity needs in four categories: Working Capital, Risk Reserves, Strategic Investment Reserves and Regulatory Reserves.

Certain funding priorities exist based on the MSRB's responsibilities as an SRO. These priorities include:

- funding to maintain modern and informed regulation of dealers and municipal advisors that reflects current market practices and protects investors, issuers and the public interest, including by conducting economic analysis, establishing and maintaining a professional qualifications program, and providing coordination and support to the regulatory authorities that examine compliance with and enforce the MSRB rules;
- funding to establish, maintain, and enhance information systems for the municipal securities market and provide market transparency for issuers, institutions, and the investing public, including transaction-related data and documents and data related to bond issuances;
- funding to provide high quality market data to enable comprehensive analysis of the municipal securities market, including developing data products and services that provide value for investors, issuers and all market participants to strengthen market efficiency and fairness;
- funding to ensure the MSRB fulfills its obligation to remove impediments to and perfect the mechanism of a free and open market in municipal securities and municipal financial products, and, in general, to protect investors, municipal entities, obligated persons, and the public interest, including by fostering dialog and working collaboratively with all market participants and the broader community we serve;

- funding for stakeholder engagement activities and education, including receiving information from municipal market participants and other stakeholders to provide input that informs the rulemaking process, as well as ensuring that these stakeholders are aware of regulatory developments that may affect them and are educated on the MSRB rules;
- funding to support the internal administrative functions of the MSRB and to administer the activities of the Board and its committees; and
- funding sufficient to maintain a prudent level of liquid reserves, taking into consideration a range of reasonably foreseeable market conditions and expected expenditures over a three-year time horizon.

As discussed in note 13, certain unrestricted net assets have been designated by the Board for specific strategic objectives. These assets are restricted to use by self-imposed limits by action of the Board and are not available for general expenditures. The Board designation can be changed by the Board and the net assets can be made available for general expenditures.

13. BOARD DESIGNATED NET ASSETS

In July 2020, in conjunction with the fiscal year 2021 budget recommendation, the Board approved a \$10 million designation of undesignated net assets to fund a multi-year strategic investment to modernize its market transparency systems to leverage the power of the cloud. In July 2021 and 2023, the Board approved an additional \$7.5 million and \$3.5 million, respectively, to increase this designation and provide sufficient funds to cover the planned spend of systems modernization initiatives.

	2024	2023
Designated, systems modernization fund — balance beginning of year	\$ 6,835,851	\$ 9,123,285
Additional Board designation	–	3,500,000
Systems modernization spend	(4,582,134)	(5,787,434)
Designated, systems modernization fund	\$ 2,253,717	\$ 6,835,851

14. DATA SUBSCRIPTION CONTRACT LIABILITIES

Data subscription contract liabilities relate to payments received in advance of the satisfaction of performance under the data subscription contract. The MSRB receives payments from data subscribers based upon the terms established in its contracts.

The following table provides information about significant changes in the data subscription contracts paid in advance at September 30, 2024 and 2023.

	2024	2023
Data subscription fees paid in advance, beginning of year	\$ 359,508	\$ 290,847
Revenue recognized that was included in data subscription contract liabilities at the beginning of the year	(359,508)	(290,847)
Increase in data subscription contract liabilities due to cash received during the period	336,070	359,508
Data subscription fees paid in advance, end of the year	\$ 336,070	\$ 359,508

15. SUBSEQUENT EVENTS

The MSRB evaluated its September 30, 2024 financial statements for subsequent events through December 17, 2024, the date the financial statements were available to be issued. The MSRB is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

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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