



Municipal Securities Rulemaking Board

The MSRB and the Municipal Securities Market

Protecting the Public Interest for 40 Years

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Overview

- » Congress created the MSRB in 1975 as a self-regulatory organization with the mandate to regulate financial companies that buy, sell and underwrite municipal securities.
- » Congress expanded the MSRB's authority in 2010 to include the regulation of financial professionals that provide advice to state and local governments and other municipal entities about the issuance of bonds and other municipal financial products.
- » The MSRB's mission is to protect investors, municipal entities and the public interest by promoting a fair and efficient municipal securities market.
- » The MSRB is governed by a 21-member board of directors that has a majority of independent public members, in addition to representatives of regulated entities.
- » The diverse representation of the Board, as well as the MSRB's process for soliciting public comment on its rulemaking and market transparency initiatives, ensures that MSRB actions are informed by insights from market participants and the public.
- » The MSRB is subject to oversight by the Securities and Exchange Commission (SEC).
- » The SEC reviews, approves and enforces the MSRB's rules, which have the force of federal law.
- » The MSRB's operations, including rulemaking, market transparency initiatives and education and outreach, are funded through fees and assessments on registered municipal securities dealers and municipal advisors.

Role of the MSRB

- » The MSRB establishes rules for the municipal securities firms, banks and municipal advisors that engage in municipal securities and advisory activities.
- » The MSRB supports market transparency by making trade data and disclosure documents available on its Electronic Municipal Market Access (EMMA®) website, the official repository for information on virtually all municipal bonds.
- » The MSRB also serves as an objective resource on the municipal market, conducts extensive education and outreach to market stakeholders, and provides market leadership on key issues.

How the MSRB Protects Investors, Municipal Entities and the Public Interest

- » The MSRB ensures that the \$3.6 trillion municipal securities market operates fairly and efficiently so that market participants have confidence in the integrity of the market.
- » The MSRB also ensures that financial professionals are subject to uniform and appropriate standards of conduct and are appropriately qualified, and that market participants are protected against fraud, manipulation and other potentially abusive practices.
- » The MSRB makes municipal market data freely and widely available so that investors and municipal entities can make informed decisions that are right for them.

» To promote a fair and efficient market for all participants, the MSRB engages in a variety of activities aimed at protecting municipal securities investors and issuers. These include:

→ **Rulemaking.** The MSRB writes rules governing the conduct and activities of municipal securities dealers and municipal advisors. These rules hold financial professionals in the municipal market accountable and help prevent fraud and other unfair practices.

For more than two decades, the MSRB's landmark rule that prohibits pay-to-play, Rule G-37, has played a central role in curbing corruption in public finance.

→ **Professional Qualifications.** In conjunction with other regulators, the MSRB establishes baseline standards of competency for regulated municipal market professionals through testing and continuing education requirements.

MSRB professional qualification exams include the Series 51, 52 and 53 exams for municipal securities professionals.

→ **Market Transparency.** The MSRB created the Electronic Municipal Market Access (EMMA®) website to provide investors and the public with free access to official disclosures, trade data, credit ratings and other information about the municipal securities market. EMMA is the official repository for information on virtually all municipal bonds.

Data and disclosures on more than one million municipal securities are available on the EMMA website at emma.msrb.org.

→ **Enforcement Support.** While the MSRB does not enforce its rules, it works closely with enforcement agencies, including the SEC, the Financial Industry Regulatory Authority and bank regulators, to ensure compliance with MSRB rules. The MSRB also provides expertise to policymakers and other regulators whose jurisdiction includes aspects of the municipal market.

→ **Data Collection.** Municipal securities dealers, issuers and other market participants submit trade data, disclosure documents and other information to the MSRB for dissemination to the public or to facilitate regulatory surveillance of the market. The MSRB's Real-Time Transaction Reporting System (RTRS) provides free public access to timely trade data.

→ **Tools for Investors.** EMMA is continually enhanced with new features and tools to help investors research, evaluate and monitor municipal bonds.

EMMA's price discovery tool allows investors to quickly and easily gauge the price of a municipal security that may not have traded recently.

→ **Disclosure Resources for Issuers.** Although the MSRB does not regulate municipal securities issuers, the MSRB offers a number of tools and resources to support issuers' compliance with their obligations to disclose important information to investors through the EMMA website.

→ **Education and Outreach.** The MSRB maintains a free, online Education Center to provide resources and video tutorials about the municipal market to investors and issuers. The MSRB also serves as an objective resource on the municipal market and provides market leadership on key issues.



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