

The Municipal Securities Rulemaking Board and the Municipal Bond Market

Municipal bonds play an important role in keeping American communities running. Many of our roads, hospitals and schools exist because of municipal bonds. Because most communities cannot afford to finance large-scale public projects on their own, municipal bonds provide much-needed funding for bridges, sewer systems, libraries, roads and other public facilities.

There are three primary participants involved in generating this funding for communities: state and local governments, investors and financial professionals. The state or local government is the issuer of the bond. These municipalities work with financial professionals such as dealers and municipal advisors to get their bonds into the hands of investors, who loan money to the issuers and in return receive interest payments, which may be tax-exempt.

Creation of the MSRB

Communities have been financing public projects through municipal bonds since the early 1800s. Over time, participation by communities and investors in the offer and purchase of municipal bonds developed into a multi-trillion dollar market. Congress concluded that comprehensive regulation was necessary to protect investors and state and local governments, and in 1975 established the Municipal Securities Rulemaking Board (MSRB) to oversee this market.

The mission of the MSRB is to protect investors, state and local governments, and the public interest, by promoting a fair and efficient municipal securities market. The MSRB uses three key tools to accomplish its mission.

Regulation

Rulemaking sets the foundation for ensuring a fair and efficient market. MSRB rules and qualification standards hold financial professionals in the municipal market accountable and help prevent fraud and other unfair practices. These rules have the force of federal law.

Transparency

The MSRB helps create market transparency by providing widespread access to information about the municipal bond market. To do so, the MSRB operates the Electronic Municipal Market Access (EMMA[®]) website. EMMA provides free information on virtually all municipal bond offerings, including real-time trade prices, disclosure documents and market-wide statistics.

Education

The MSRB is an objective, independent provider of information and expertise and a national resource on the municipal market.

Today, the municipal market continues to thrive with more than 50,000 different state and local governments issuing bonds in the United States with millions of investors participating in municipal bond ownership. The MSRB helps promote a municipal market that is fair, efficient and sustainable.

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For more information on the MSRB and access to up-to-date resources, visit the MSRB's website at msrb.org and the EMMA website at emma.msrb.org.