Required fields are shown with yellow backgrounds and asterisks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 19b-4

File No. * SR 2025 - * 02
Amendment No. (req. for Amendments *)

Filing by Municipal Securities Rulemaking Board

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial *	Amendment *	Withdrawal	Section 19(b)(2) *	Section 19(b)(3)(A) *	Section 19(b)(3)(B) *
✔	☐	☐	✔	☐	☐

Pilot ☐

Extension of Time Period for Commission Action * ☐

Date Expires *

Rule

☐ 19b-4(f)(1) ☐ 19b-4(f)(4)
☐ 19b-4(f)(2) ☐ 19b-4(f)(5)
☐ 19b-4(f)(3) ☐ 19b-4(f)(6)

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010

Section 806(e)(1) * ☐ Section 806(e)(2) * ☐

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 3C(b)(2) * ☐

Exhibit 2 Sent As Paper Document ☐ Exhibit 3 Sent As Paper Document ☐

Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

Proposed Rule Change to Amend MSRB Rules A-11 and A-13 Pursuant to a Multi-Year Rate Card and to Make Related Technical Amendments

Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * Ernesto Last Name * Lanza

Title * Chief Regulatory and Policy Officer

E-mail * elanza@msrb.org

Telephone * (202) 838-1500 Fax

Signature

Pursuant to the requirements of the Securities Exchange of 1934, Municipal Securities Rulemaking Board has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date 09/30/2025

By Ronald W. Smith (Name *)

(Title *) Corporate Secretary

NOTE: Clicking the signature block at right will initiate digitally signing the form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

RSmith@msrb.org Digitally signed by RSmith@msrb.org Date: 2025.09.30 08:18:10 -04'00'

Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

Form 19b-4 Information * Add / Remove / View MSRB-2025-02 19b-4.docx	The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.
Exhibit 1 - Notice of Proposed Rule Change * Add / Remove / View MSRB-2025-02 Exhibit 1.docx	The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)
Exhibit 1A - Notice of Proposed Rule Change, Security-Based Swap Submission, or Advanced Notice by Clearing Agencies * Add / Remove / View	The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)
Exhibit 2- Notices, Written Comments, Transcripts, Other Communications Add / Remove / View	Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G. ☐ Exhibit Sent As Paper Document
Exhibit 3 - Form, Report, or Questionnaire Add / Remove / View	Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change. ☐ Exhibit Sent As Paper Document
Exhibit 4 - Marked Copies Add / Remove / View	The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.
Exhibit 5 - Proposed Rule Text Add / Remove / View MSRB-2025-02 Exhibit 5.docx	The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change
Partial Amendment Add / Remove / View	If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"),[1] and Rule 19b-4 thereunder,[2] the Municipal Securities Rulemaking Board (the "MSRB") is hereby filing with the Securities and Exchange Commission (the "Commission") a proposed rule change to amend MSRB Rule A-11, on assessments for municipal advisor professionals ("Rule A-11"), and Rule A-13, on underwriting and transaction assessments for brokers, dealers, and municipal securities dealers ("Rule A-13"), to establish new rates of certain assessments on municipal advisors under Rule A-11 and brokers, dealers and municipal securities dealers (collectively, "dealers" and, together with municipal advisors, "regulated entities") under Rule A-13 pursuant to a multi-year rate card, as well as to make certain related technical amendments (the "proposed rule change"). The MSRB requests that the proposed rule change be approved with an effective date of January 1, 2026, provided that if approved by the Commission after January 1, 2026, the proposed rule change be made effective as of the first day of the month following Commission approval.

(a) The text of the proposed rule change is attached as Exhibit 5. Text proposed to be added is underlined, and text proposed to be deleted is enclosed in brackets.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The board of directors of the MSRB approved the proposed rule change at its meeting on July 23-24, 2025. Questions concerning this filing may be directed to Ernesto Lanza, Chief Regulatory and Policy Officer, at (202) 838-1500.

3. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

(a) Purpose

Background

Rule A-13 currently requires dealers to pay (a) an underwriting fee under Rule A-13(b) (the "Underwriting Fee") for municipal securities purchased from an issuer by or through such

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1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

dealer as part of a primary offering,[3] (b) a transaction fee under Rule A-13(d)(i) and (ii) (the "Transaction Fee") based on the par amount traded in inter-dealer trades and customer sales, and (c) a trade count fee under Rule A-13(d)(iv)(a) and (b) (the "Trade Count Fee") based on the number of inter-dealer trades and customer sales (collectively, the "Market Activity Fees"). Rule A-11 currently requires municipal advisors to pay to the MSRB a recurring annual fee (the "Municipal Advisor Professional Fee" and, together with the Market Activity Fees, the "Rate Card Fees") for each associated person qualified as a municipal advisor representative under MSRB Rule G-3 and for whom the municipal advisor has on file with the Commission an active Form MA-I as of January 31 of the applicable year ("covered professional"). The purpose of the proposed rule change is to amend the rates of assessment for the Rate Card Fees and to revise the MSRB's existing model for establishing Rate Card Fees from an annual process to a multi-year process based on the factors described below.

The MSRB established its current rate card model in 2022 with the stated goals of facilitating the MSRB's ability to manage its organizational reserves year-to-year, mitigating the impact of market volatility on fee revenue, and maintaining a fair and equitable balance of reasonable fees and charges among regulated entities, while prudently funding the MSRB's anticipated near-term operating expenses.[4] Pursuant to the current rate card model, in November 2023, the MSRB filed with the Commission proposed amendments to Rules A-11 and A-13 to institute the rate card fees for 2024 (the "2024 Rate Card Proposal").[5] Five comment letters were submitted to the Commission in response to the 2024 Rate Card Proposal, which highlighted concerns, among others, related to the MSRB's rate setting processes and the volatility and unpredictability of rates under the current rate card model.[6] On January 26, 2024, the MSRB submitted a response letter to the Commission that outlined undertakings the MSRB intended to pursue to address the concerns expressed by commenters with respect to the MSRB's rate setting

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3 Underwriting assessments charged pursuant to Rule A-13(c) to dealers acting as underwriters of certain municipal fund securities are not included in the assessment rates that would be amended by this proposed rule change.

4 See Exchange Act Release No. 95417 (Aug. 3, 2022), 87 FR 48530, 48533-36 (Aug. 9, 2022), File No. SR-MSRB-2022-06. See also MSRB Notice 2022-06, MSRB Revises and Resubmits Annual Rate Card Amendments (July 29, 2022), available at https://www.msrb.org/sites/default/files/2022-09/2022-06.pdf. The amendments to Rules A-11 and A-13 made by the 2022 filing, together with the MSRB's then-current funding policy, constituted the rate card model instituted at that time.

5 Exchange Act Release No. 99096 (Dec. 6, 2023), 88 FR 86188 (Dec. 12, 2023), File No. SR-MSRB-2023-06. See also MSRB Notice 2023-10, MSRB Establishes 2024 Annual Rate Card Fees for Dealers and Municipal Advisors (Nov. 30, 2023), available at https://www.msrb.org/sites/default/files/2023-11/2023-10.pdf. The MSRB filed the 2024 Rate Card Filing for immediate effectiveness.

6 Comments are available at https://www.sec.gov/comments/sr-msrb-2023-06/srmsrb202306.htm.

process, including the MSRB's determination to undertake a retrospective review of this process.[7] On January 29, 2024, the Commission temporarily suspended and instituted proceedings to determine whether to approve or disapprove the 2024 Rate Card Proposal, resulting in the MSRB's Rate Card Fees reverting to the rates previously in effect.[8] The MSRB then withdrew the 2024 Rate Card Proposal on February 16, 2024,[9] in order to meaningfully engage with stakeholders to better understand and address their concerns, as well as to fulfill its retrospective rule review commitment by conducting a comprehensive review of the current rate card model.

Since withdrawing the 2024 Rate Card Proposal, the MSRB engaged in what it believes to be substantive outreach with stakeholders, particularly those who submitted comments in response to that proposal, to better distill and understand the most important concerns that the MSRB could meaningfully address in the near term and in the future. As one example of this substantive outreach, the MSRB issued a Request for Information ("RFI") on its rate card process on October 30, 2024, soliciting feedback from stakeholders on the MSRB's rate setting process, the distribution of fees across regulated entities generally, and the MSRB's management of its organizational reserve funds.[10] The MSRB received comments from six commenters in

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7 See https://www.sec.gov/comments/sr-msrb-2023-06/srmsrb202306-416059-985442.pdf (the "2024 MSRB Response Letter").

8 Exchange Act Release No. 99444 (Jan. 29, 2024), 89 FR 7424 (Feb. 2, 2024), File No. SR-MSRB-2023-06. The 2024 Rate Card Fees applied to activity subject to the Rate Card Fees occurring between January 1, 2024 and January 28, 2024. See also MSRB Notice 2024-02, Current Dealer and Municipal Advisor Fees Upon SEC Suspension of 2024 Annual Rate Card Fees (January 30, 2024), available at https://www.msrb.org/sites/default/files/2024-01/2024-02.pdf.

9 Exchange Act Release No. 99577 (Feb. 21, 2024), 89 FR 14552 (Feb. 27, 2024), File No. SR-MSRB-2023-06. See also MSRB Notice 2024-04, Existing Dealer and Municipal Advisor Fees Maintained Upon Withdrawal of 2024 Annual Rate Card (February 16, 2024), available at https://www.msrb.org/sites/default/files/2024-02/2024-04.pdf.

10 See MSRB Notice 2024-14, Request for Information on the MSRB's Rate Card Process (Oct. 30, 2024), available at https://www.msrb.org/sites/default/files/2024-10/MSRB-Notice-2024-14.pdf. Prior to publication of the RFI and informing many aspects of the questions posed therein, the MSRB held outreach meetings with industry groups representing regulated entities and other stakeholders to discuss the MSRB's budget and rate card process, including joint meetings with the National Association of Municipal Advisors ("NAMA"), Bond Dealers of America ("BDA") and the Securities Industry and Financial Markets Association ("SIFMA") on March 14, 2024, and with the American Securities Association ("ASA"), the Investment Company Institute, the Government Finance Officers Association, the National Federation of Municipal Analysts, NAMA, BDA and SIFMA on April 16, 2024. The MSRB also met individually with SIFMA on June 17, 2024, NAMA on June 18, 2024, ASA on June 20, 2024 and BDA on June 20, 2024. Additional examples of such outreach include meetings held after the MSRB

response to the RFI, focusing on, among other matters, the volatility and unpredictability of the current rate card model, the fee distribution between dealers and municipal advisors, and strategies for management of reserve levels.[11]

After carefully considering the RFI responses and feedback received from the MSRB's outreach to stakeholders,[12] the MSRB has determined to revise the current fee setting process from an annual rate card model to a multi-year process and to propose new Municipal Advisor Professional Fees assessed pursuant to Rule A-11 and Market Activity Fees assessed pursuant to Rule A-13 based on the new multi-year rate setting model (the "Multi-Year Rate Card Process"), as described below.

The new Multi-Year Rate Card Process is designed to enhance the stability and predictability of Rate Card Fees, maintain fairness of assessments on regulated entities, and allow the MSRB to manage organizational reserves responsibly while minimizing uncertainty and possible operational disruptions to regulated entities that could result from more frequent and less predictable changes in assessment rates.[13] To that end, the proposed rule change implements a revised approach to fee setting, intended to address stakeholder concerns, by moving the process for determining Rate Card Fees from an annually calculated adjustment to a fixed multi-year rate schedule for Rate Card Fees, establishing appropriate parameters to limit the degree of annual changes to Rate Card Fees, establishing a framework to effectively address

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received comments on the RFI with industry groups representing regulated entities to further discuss the MSRB's budget and Rate Card Fees, including meetings with NAMA on July 8 and 21, 2025; BDA on July 11 and 21, 2025; and SIFMA on July 15, 2025.

11 See infra Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others. Comments were received from Susan Gaffney, Executive Director, NAMA (Jan. 28, 2025) ("NAMA Letter"); Thomas F. Huestis, Senior Managing Director, Public Resources Advisory Group, Inc. (Jan. 27, 2025) ("PRAG Letter"); Leslie M. Norwood, Managing Director and Associate General Counsel and Gerald O'Hara, Vice President and Assistant General Counsel, SIFMA (Jan. 28, 2025) ("SIFMA Letter"); Michael Decker, Senior Vice President, BDA (Jan. 28, 2025) ("BDA Letter"); Jessica R. Giroux, General Counsel and Head of Fixed Income Policy, ASA (Jan. 28, 2025) ("ASA Letter"); and Robert Laorno, General Counsel, ICE Bonds Securities Corporation (Jan. 21, 2025) ("ICE Bonds Letter").

12 See supra note 10.

13 These proposed rule changes are intended to address the primary concerns of regulated entities that can reasonably be implemented in the course of establishing this new set of Rate Card Fees for 2026 – 2029 without undue delay. The MSRB remains committed to on-going engagement with stakeholders to continue to explore whether additional, longer-term changes to the MSRB's approach should be implemented in the course of developing future rate cards beyond 2029.

surplus reserves through rate adjustments to Market Activity Fees, and maintaining the target balance of Rate Card Fees between dealers and municipal advisors.

Proposed Multi-Year Rate Card Fees

To provide greater predictability and stability of the Rate Card Fees, the proposed rule change would establish Rate Card Fees for the next four calendar years: 2026, 2027, 2028, and 2029 (the "proposed Multi-Year Rate Card").[14] The Municipal Advisor Professional Fee included in the Rate Card Fees for each of these years would be operative from January 1 of each calendar year until December 31 for that year and the Market Activity Fees included in the Rate Card Fees would be operative from January 1, 2026 until December 31, 2029.[15] The MSRB anticipates that it would adopt a new set of Rate Card Fees established through the Multi-Year Rate Card Process to become effective beginning on January 1, 2030.[16] Any subsequent multi-year rate cards would be established by amendment to Rules A-11 and A-13 and in accordance with the principles and guidelines of the MSRB's revised funding policy, available at https://www.msrb.org/MSRB-Funding-Policy-1 (the "Revised Funding Policy").[17]

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14 The Municipal Advisor Professional Fee included in the proposed new Rate Card Fees, for each year covered by the proposed rule change, would be set out in Supplementary Material .01 of Rule A-11. Each of the Market Activity Fees included in the proposed new Rate Card Fees would be set out in Supplementary Material .01(a)(i) – (iii) of Rule A-13.

15 If the proposed rule change is approved with an effective date after January 1, 2026, the Rate Card Fees would instead become operative from the first day of the month following Commission approval, with the end dates for the respective Rate Card Fees remaining unchanged.

16 If no new Rate Card Fees are established by January 1, 2030, the then-effective Rate Card Fees for 2029 would remain in effect until any new fees are established.

17 The Revised Funding Policy becomes effective as of October 1, 2025. Any future revisions to the Revised Funding Policy, including any changes to the provisions relating to the Multi-Year Rate Card Process and to organizational reserve requirements, must be approved by the MSRB's board of directors and would be posted on the MSRB website at https://www.msrb.org/MSRB-Funding-Policy-1. Revisions to the Revised Funding Policy would not result in changes to the rates of filed Rate Card Fees absent a rule filing with the Commission, but instead would have an impact on future rate-setting through MSRB rulemaking. The proposed rule change would amend Supplementary Material .01 to Rule A-11 and Supplementary Material .01(b) to Rule A-13 to delete language describing aspects of the prior rate setting process that would be superseded by the Multi-Year Rate Card Process, to explicitly state that if no new rate card is established at the end of the period covered by the proposed rule change then the applicable rates would remain at the same level as in effect prior to the end of that period, and to provide for the on-going availability of the Revised Funding Policy, and any future revisions thereto, on

As discussed below, due to both the accumulation of excess reserves (in part resulting from the suspension and subsequent withdrawal of the 2024 Rate Card Proposal, as well as heightened Market Activity Fee revenues during a period of record trading and issuance volume[18]) and a reduction in the MSRB's reserves target, the MSRB has determined to reduce excess reserves through credits ("Temporary Credits") of 45% applied to Market Activity Fees in 2026 and 2027, which would produce a reduction in the amounts to be assessed to and paid by dealers for Market Activity Fees during such years.[19] The Rate Card Fees, together with the net amount of Rate Card Fee assessments (taking into account the Temporary Credits),[20] are set forth in the following table:

the MSRB website so long as the Revised Funding Policy sets forth, in whole or in part, the MSRB's rate card process.

18 See infra note 49.

19 The Temporary Credits that would be applied to the Market Activity Fees included in the proposed new Rate Card Fees for the calendar years 2026 and 2027 would be set out in Supplementary Material .01(c) of Rule A-13.

20 The net amount of Market Activity Fees, taking into account any applicable Temporary Credits, would be set out in Supplementary Material .01(c)(i) – (iii) of Rule A-13.

	Assessment/ Credit Basis	2026	2027	2028	2029[21]
Underwriting Fee	Per $1,000 Par Underwritten	$0.0297	$0.0297	$0.0297	$0.0297
	45% Temporary Credit	($0.0134)	($0.0134)	$0	$0
	Net Rate of Assessment	$0.0163	$0.0163	$0.0297	$0.0297
Transaction Fee	Per $1,000 Par Transacted	$0.0107	$0.0107	$0.0107	$0.0107
	45% Temporary Credit	($0.0048)	($0.0048)	$0	$0
	Net Rate of Assessment	$0.0059	$0.0059	$0.0107	$0.0107
Trade Count Fee	Per Trade	$1.10	$1.10	$1.10	$1.10
	45% Temporary Credit	($0.49)	($0.49)	$0	$0
	Net Rate of Assessment	$0.61	$0.61	$1.10	$1.10
Municipal Advisor Professional Fee[22]	Per Covered Professional	$1,130	$1,200	$1,270	$1,340

Multi-Year Rate Card Process and Reserves Management

The Multi-Year Rate Card Process is designed to address stakeholders' concerns related to fee volatility inherent in the current annual rate setting process and to facilitate the MSRB's management of its organizational reserves. A multi-year rate card is a fixed rate schedule for its multi-year term (four years in the case of the proposed rule change) and is not intended to be modified during its effective term, except as described below.[23] In developing a fixed set of Rate Card Fees for a multi-year period under the Multi-Year Rate Card Process, the MSRB utilized a five-year historical average of market volume for its underlying assumptions to smooth the

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21 As noted above, if no new Rate Card Fees are established by January 1, 2030, the then-effective Rate Card Fees for 2029 would remain in effect until any new fees are established.

22 The Temporary Credits included in this proposed rule change would not apply to the Municipal Advisor Professional Fee.

23 See Revised Funding Policy, supra note 17, at "Multi-Year Rate Card".

annual volatility in market activity.[24] The Multi-Year Rate Card Process seeks to provide certainty and enhanced stability in rates across the multi-year period as compared to the existing annual process, with the Revised Funding Policy reducing the maximum annual increase or decrease in any baseline Rate Card Fee to 15% (the "Annual Rate Change Limit")[25] within a multi-year rate card period, as compared to the 25% cap on increases and no cap on decreases that existed under the annual rate card process, subject to potential Temporary Credits, as discussed below.

In the case of the Rate Card Fees proposed in this proposed rule change, the baseline rates of the Market Activity Fees would remain unchanged both from the rates currently in effect under the prior rate card and throughout the course of the proposed Multi-Year Rate Card.[26] The Municipal Advisor Professional Fee for 2026 would increase by approximately 6.6% from the rate currently in effect and would increase on an annual basis during the course of the proposed Multi-Year Rate Card by approximately 6% per year.[27] Thus, all baseline Rate Card Fees would be consistent with the Annual Rate Change Limit under the Multi-Year Rate Card Process.

In the event the MSRB determines that it has a significant surplus level of reserves to draw down upon, the MSRB may elect to utilize one or more Temporary Credits within the

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24 The five-year historical averages of market volume used in connection with the proposed rule change are based on the MSRB's fiscal years 2021-2024 and its projections for fiscal year 2025. The five-year market activity averages MSRB used are: $474 billion par underwritten, $1.64 trillion par transacted, and 9.2 million trades. Use of the five-year average is intended to mitigate the impact of market volatility from year-to-year. For example, par underwritten was $367 billion in fiscal year 2023 and $498 billion in fiscal year 2024.

25 The Annual Rate Change Limit would be set out in Supplementary Material .01 of Rule A-11 and Supplementary Material .01(b) of Rule A-13. See also Revised Funding Policy, supra note 17, at "Multi-Year Rate Card".

26 While the baseline Market Activity Fees would remain the same for all four years of the proposed Multi-Year Rate Card, future rate cards established under the Multi-Year Rate Card Process could have fees that differed from year to year within the period covered by such new rate card, subject to the Annual Rate Change Limit.

27 The rates for the Municipal Advisor Professional Fee are designed to generate a target 8% of total rate card revenue from the Municipal Advisor Professional Fee by 2029. The 8% target was initially established in the rate card model implemented in 2022. See supra note 4, 87 FR 48530 at 48537-38. To enhance stability and predictability, the Municipal Advisor Professional Fee increases are the same dollar amount ($70) each year during the four years 2026 – 2029. Based on the assumption that the number of covered professionals will decrease by 25 individuals per year and using the five-year market activity averages to project revenue from Market Activity Fees, the MSRB projects that the Municipal Advisor Professional Fee would generate 8% of rate card revenue in 2029.

proposed Multi-Year Rate Card or in a future multi-year rate card.[28] If Temporary Credits are applied to a baseline Rate Card Fee, the Annual Rate Change Limit may be exceeded. For example, to reduce the current surplus reserves described above, the proposed Multi-Year Rate Card includes Temporary Credits during the first two years which result in the net rate of assessments for the Market Activity Fees increasing between 2027 and 2028 by more than the percentage of the Annual Rate Change Limit, notwithstanding the fact that the baseline rates would not change.[29] To achieve further stability and mitigate potential increases in Rate Card Fees (for example, when market volume is materially reduced), the MSRB would consider its reserves and could draw down upon reserve levels rather than adjust the established rates of Rate Card Fees or the amounts of previously approved Temporary Credits, which rate or credit adjustments would remain as potential options but would require formal rulemaking to effectuate.

A primary goal of a rate card is to effectively manage organizational reserves, which at times may accumulate surplus funds (or may experience deficits) driven by extraordinary market activity volume or from other unexpected circumstances. The MSRB maintains a targeted level of reserve funding in accordance with its Revised Funding Policy, which is determined through a comprehensive analysis of its operating environment. The MSRB's Revised Funding Policy establishes a tolerance for variation from the organizational reserves target of +/- 20% of its target level (the "Reserve Target Tolerance").[30] Under the Multi-Year Rate Card Process, the MSRB seeks to establish Rate Card Fees that appropriately balance organizational reserves within the Reserve Target Tolerance over the effective period of the rate card.

The MSRB approved an organizational reserves target for 2026 of $30 million at its July 23-24, 2025, board of directors meeting. This level of reserves translates to approximately eight months of MSRB operating expenses.[31] To ensure the MSRB maintains fiscal discipline and

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[28] See Revised Funding Policy, supra note 17, at "Organizational Reserves" and "Multi-Year Rate Card".

[29] Based on written comments from stakeholders responding to the RFI, the MSRB determined to prioritize the reduction of reserves through Temporary Credits over either more significant year-to-year changes that could be allowed with a higher Annual Rate Change Limit or mechanisms such as one-time rebates. See supra note 11, BDA Letter at 2 and SIFMA Letter at 6, 11. This is due in part to the additional certainty and stability in rates the MSRB is able to provide through a multi-year rate card that would not depend on unscheduled lump sum adjustments.

[30] See Revised Funding Policy, supra note 17, at "Organizational Reserves".

[31] The board of directors of the MSRB has approved a budget of $46.2 million for the fiscal year ending September 30, 2026. See MSRB Press Release, MSRB Approves FY 2026 Budget, Amended Rate Card Filing, Elects Board Leadership at Quarterly Board Meeting (July 24, 2025), available at https://www.msrb.org/Press-Releases/MSRB-Approves-FY26-Budget-Amended-Rate-Card-Filing-Elects-Board-Leadership-Quarterly. The MSRB will publish on its website its fiscal year 2026 budget at the start of the fiscal year,

responsibly manages reserves during the effective term of a multi-year rate card, the Revised Funding Policy provides for an evaluation, at the mid-point of a multi-year rate card, as to whether the Reserve Target Tolerance has been exceeded.[32] If, at the midpoint of the effective multi-year rate card, organizational reserves are in excess or deficient by more than the Reserve Target Tolerance, the MSRB would consider increases or decreases for future rate card filings. The Revised Funding Policy requires the MSRB to affirmatively address a reserves surplus over the 20% Reserve Target Tolerance. A primary method to address the surplus reserves would be to draw down on reserves in a subsequent multi-year rate card to mitigate annual rate changes. In the alternative, if there is a significant accumulation of reserves the MSRB would engage with stakeholders and discuss options to address the surplus and may choose to utilize a Temporary Credit during the course of the existing rate card period to reduce reserve levels more expeditiously than waiting until the next multi-year rate card.[33]

Related Technical Amendments

The proposed rule change would include certain technical language changes designed to ensure that the rule language reflects the proposed Multi-Year Rate Card and the related changes to institute the Multi-Year Rate Card Process. References to the current "annual" process would be eliminated throughout Rules A-11 and A-13 and instead would reflect the four-year term of the proposed Multi-Year Rate Card in the proposed rule change.[34] In particular, the proposed rule change language refers to the rates that would be in effect (including any net rates due to Temporary Credits, as applicable) for each year within the course of the proposed Multi-Year Rate Card.[35]

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on or around October 1, 2025, which will be available at https://www.msrb.org/MSRB-News/About-Us#About_Us_Publications.

32 See Revised Funding Policy, supra note 17, at "Organizational Reserves".

33 See Revised Funding Policy, supra note 17, at "Multi-Year Rate Card".

34 Thus, the word "annual" would be removed in references to "annual rate card" in Rule A-11(b), Supplementary Material .01 to Rule A-11, Rule A-13(b), Rule A-13(d)(i) – (ii), Rule A-13(d)(iv)(a) – (b), and Supplementary Material .01 and .01(b). Other uses of the term "annual" in Rule A-11(b) are either retained without change or are deleted as part of broader deletions of language described above with respect to the change in the rate card model. See supra note 17.

35 In the case of the Municipal Advisor Professional Fee, language would be added in Supplementary Material .01 to Rule A-11 to make explicit that the charge is based on the number of covered professionals in the respective year for which the fee is to be assessed, and the rates for each year would be listed in clauses (a) – (d) thereof. While the Market Activity Fees themselves would not change from year to year within the four-year period covered by the proposed rule change, since the Temporary Credit that would be applied pursuant to Supplementary Material .01(c) to Rule A-13 for the first two years, the net

(b) Statutory Basis

Section 15B(b)(2)(J) of the Exchange Act states that the MSRB's rules shall provide that each municipal securities broker, municipal securities dealer, and municipal advisor shall pay to the MSRB such reasonable fees and charges as may be necessary or appropriate to defray the costs and expenses of operating and administering the MSRB.[36] Such rules must specify the amount of such fees and charges, which may include charges for failure to submit to the MSRB, or to any information system operated by the MSRB, within the prescribed timeframes, any items of information or documents required to be submitted under any rule issued by the MSRB.[37]

The MSRB believes that the proposed rule change establishes reasonable fees and charges to be paid by regulated entities consistent with Section 15B(b)(2)(J) of the Exchange Act.[38] The proposed rule change is designed to promote the collection of reasonable, predictable, and stable fees from MSRB regulated entities as may be necessary or appropriate to defray the costs and expenses of operating and administering the MSRB, including maintaining a responsible level of organizational reserves. The MSRB's fiscal year 2026 budgeted expenses total $46.2 million.[39] This represents a 5.2% decrease in expenses compared to the fiscal year

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rate of assessment of the Market Activity Fees for the first two years would be listed in clauses (i) – (iii) thereof.

36 15 U.S.C. 78o-4(b)(2)(J).

37 Id.

38 Id.

39 See supra note 31. As in past years, the MSRB's fiscal year 2026 budget will include, among other things, information regarding budgeted expenses by major organizational activities. Technology-related activities generally comprise the largest share of budgeted expenses, with such activities being generally divided between information technology services and market transparency products and services. Information technology services pertain to ensuring security, availability and resiliency for both internal organizational technology needs and external market and regulatory transparency systems, and such services generally bridge internal and external technology needs and only less frequently are confined to one or the other. Similarly, market transparency products and services pertain to the various different market and regulatory transparency systems, and such systems generally operate using shared technology platforms, data resources and information technology services and only less frequently have such platforms, resources and services that are confined to a single system. As such, the MSRB does not budget based on systems. However, consistent with the MSRB's commitment made in the 2024 MSRB Response Letter, supra note 7, at 6-7, the MSRB has developed reasonable allocation assumptions to assist in the understanding of the MSRB's technology system-related expenses. Figures developed using those assumptions, however, may not reflect the actual manner in which funds are expended and effort is applied to a particular

2025 budgeted expenses.[40] In its underlying analysis, the MSRB assumes an annual average expense growth rate of 3.4% for fiscal years 2027 through 2029. In determining the reasonableness of this expense growth rate, the MSRB consulted the average annual growth rate of the Consumer Price Index, a standard index of inflation, which over the prior 4-year period ranged from 3-5% annual increases. At the end of fiscal year 2024, the MSRB's reserves balance was $48.4 million and is projected to be $60.8 million by the end of fiscal year 2025. To achieve a goal of reducing the MSRB's reserves balance to within the 20% Reserve Target Tolerance of its reserve target level of $30 million, the MSRB believes the 45% Temporary Credit for the Market Activity Fees would effectively reduce reserve levels, which were driven largely by market activity fee revenue performance in recent years. With respect to its revenue expectations for fiscal year 2026, the MSRB anticipates the revenue from the Rate Card Fees to represent 78% of total revenues, with the remaining 22% of revenues comprised of data subscription fees, underwriting assessments for certain municipal fund securities offerings under Rule A-13(c),

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system. Using such assumptions, the MSRB estimates that, of the combined information technology services and market transparency products and services budgets for fiscal year 2026 totaling $27.1 million, slightly more than one-quarter would be allocable to trade data collection and processing through the Real-Time Transaction Reporting System (RTRS) under MSRB Rule G-14, on reports of sales or purchases, and Information Facility 1 (IF-1). Approximately half of this combined technology budget would be allocable, in approximately equal shares, to: (i) the combined services for primary market disclosures through the Electronic Municipal Market Access (EMMA®) Primary Market Disclosure Service under MSRB Rule G-32, on disclosures in connection with primary offerings, and Information Facility 3 (IF-3), and continuing disclosures through the EMMA Continuing Disclosure Service under IF-3 and Commission Rule 15c2-12, on municipal securities disclosure, adopted by the Commission under the Exchange Act; (ii) data dissemination services (including the EMMA website for public dissemination as well as subscription services under IF-3 for the MSRB's various market transparency systems to subscribers for use either internally, to make available to their client-base, or to develop or populate their data products for re-dissemination to their customers); and (iii) regulatory, compliance and administration services (including but not limited to maintenance of the MSRB.org website, data/services for use solely by other regulators through the Regulator Web (RegWeb) service, the system for registering regulated entities with the MSRB under MSRB Rule A-12, on registration, and authentication systems for secure submissions to and other uses of MSRB transparency and other systems, including MSRB Gateway). The final portion, constituting approximately 20% of the combined technology budget, would be allocable to (i) the system for variable rate securities interest rate and documentation collection through the Short-Term Obligation Rate Transparency (SHORT) System under MSRB Rule G-34, on CUSIP numbers, new issue, and market information requirements, and Information Facility 2 (IF-2), and (ii) all internal technology needs. These figures are likely to vary from year to year. EMMA is a registered trademark of the MSRB.

40 See https://www.msrb.org/sites/default/files/2024-10/MSRB-FY-2025-Budget-Summary.pdf.

annual and initial fees under Rule A-12(b) and (c), investment income, fine revenue, and other miscellaneous revenue (including examination fees under Rule A-16).

Thus, the MSRB believes that the proposed rule change is necessary and appropriate to fund the operation and administration of the MSRB and, thereby, satisfies the requirements of Section 15B(b)(2)(J)[41] through the achievement of a reasonable fee structure that (i) improves the stability and predictability of Rate Card Fees over time; (ii) maintains an appropriate balance of assessments on regulated entities;[42] and (iii) improves the MSRB's ability to manage organizational reserves responsibly while minimizing fee volatility and other operational disruptions to regulated entities.

4. Self-Regulatory Organization's Statement on Burden on Competition

Section 15B(b)(2)(C) of the Exchange Act requires that MSRB rules not be designed to impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act.[43] The proposed rule change, including the modifications to the MSRB Rate Card Process through the proposed amendments to Rule A-11 and Rule A-13, would not create any burden on competition. As intended under the proposed rule change, the Rate Card Fees are applicable to all dealers and municipal advisors over the course of the four years covered by the proposed Multi-Year Rate Card. The MSRB therefore does not believe the proposed rule change would create any burden on competition for regulated entities, as the projected fee proportions would maintain balance between Municipal Advisor Professional Fees and Dealer Market Activity Fees, as well as among the three dealer fees that make up the Market Activity Fees, and would enhance fairness in fees across regulated entities by providing a clear blueprint of financial expectations for the four years of the proposed Multi-Year Rate Card. Therefore, since the proposed rule change would not create any burden on competition, the MSRB believes that the proposed rule change would meet the statutory requirement that its rules

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41 15 U.S.C. 78o-4(b)(2)(J).

42 See supra note 27. The proposed rule change maintains the contribution targets set forth when the MSRB established the rate card process in 2022, which the MSRB believes remain appropriate as no durable, material shift in market structure has occurred to warrant alteration of current target contribution levels. The proposed rule change's Temporary Credits apply to dealer Market Activity Fees because the MSRB's excess reserves resulted from revenue derived from extraordinary market trading and issuance volume between 2023 and 2025. See infra note 49.

43 15 U.S.C. 78o-4(b)(2)(C).

not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act.

In determining whether the proposed rule change is necessary and appropriate, the MSRB was guided by the MSRB's Policy on the Use of Economic Analysis in MSRB Rulemaking.[44] In accordance with this policy, the MSRB evaluated the potential impacts of the proposed rule change relative to the current baseline fee structure. The Multi-Year Rate Card Process, proposed by the proposed rule change, is intended to introduce a new fee structure that would (i) better mitigate the impact of market volatility on the MSRB's revenue structure (and, consequently, also better mitigate the impact of market volatility on the MSRB's organizational reserves), and (ii) establish rates for a four year cycle that would provide greater predictability and stability of Rate Card Fees over the long term than the MSRB's current fee structure.[45] Furthermore, the Multi-Year Rate Card Process would maintain balance between Municipal Advisor Professional Fees and dealers' Market Activity Fees. This would be achieved by raising the Municipal Advisor Professional Fee by 6.6% for 2026, and then increasing it by approximately 6% per year through 2029, thereby maintaining the contribution target for the Municipal Advisor Professional fee at 8% of all Rate Card Fees collected by the fourth year of the proposed Multi-Year Rate Card.[46] Additionally, the MSRB would provide a 45% discount, through the Temporary Credits, for Market Activity Fees in 2026 and 2027. The MSRB believes that these actions would provide balance for regulated entities. Lastly, as part of the Revised Funding Policy, the MSRB would address its surplus reserves by providing dealers with Temporary Credits in an effort to draw down the organization's reserves. The current reserve levels exceeded the 20% threshold[47] in large measure resulting from the suspension and subsequent withdrawal of the 2024 Rate Card Proposal and a period of record trading and issuance volume that increased the excess reserve.[48]

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44 See MSRB Policy on the Use of Economic Analysis in MSRB Rulemaking, available at https://www.msrb.org/Policy-Use-Economic-Analysis-MSRB-Rulemaking. In evaluating whether there was any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act, the MSRB was guided by its principles that required the MSRB to consider costs and benefits of a rule change, its impact on efficiency, capital formation and competition, and the main reasonable alternative regulatory approaches.

45 See related discussion supra under Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change – Purpose – Proposed Multi-Year Rate Card Fees.

46 See supra note 27.

47 See supra Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change – Purpose – Multi-Year Rate Card Process and Reserves Management. The MSRB's reserves balance at the end of fiscal year 2024 was $48.4 million and is projected to be $60.8 million by the end of fiscal year 2025.

48 Between 2022 and 2024 the market experienced three consecutive years of record trade count, culminating with 14.5 million total trades in the calendar year of 2024, including

The MSRB anticipates that the Temporary Credits would address stakeholder concerns regarding the organization's current reserve levels.

The MSRB believes that the proposed rule change would address industry concerns regarding the stability and predictability[49] of the proposed Rate Card Fees; enhance fairness in fee burdens between dealers and municipal advisors as mentioned above; and allow the MSRB to manage organizational reserves responsibly while minimizing uncertainty and possible operational disruptions to regulated entities. The proposed rule change is designed to provide greater predictability and stability of the Rate Card Fees for the next four years: 2026, 2027, 2028, and 2029. Additionally, the proposed technical amendments to Rule A-11 and Rule A-13 are intended to provide greater clarity on the assessment of fees referenced in MSRB rules by removing references to "Annual" Rate Card throughout. Without the proposed rule change, the MSRB would be less able to maintain its target balance of Rate Card Fees between dealers and municipal advisors or to manage fee volatility while also ensuring that its organizational reserves are reflective of the Revised Funding Policy.

Baseline and Reasonable Alternative Approaches

The MSRB's Policy on the Use of Economic Analysis in MSRB Rulemaking outlines that rulemaking must articulate a baseline against which to measure the likely economic impact of the proposed rule change,[50] which is essential in considering the likely costs and benefits of a proposed rule change when the proposal is fully implemented (future state). For the proposed rule change, the baseline is Rule A-11, on assessments for municipal advisor professionals and Rule A-13, on underwriting and transaction assessments for brokers, dealers and municipal securities dealers currently in effect. The relevant portions of Rule A-11 and Rule A-13, the aforementioned baseline, were last amended in 2022 and established a rate card model intended to be amended on a yearly basis. However, as discussed in previous sections, the MSRB

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trades that MSRB does not bill for such as variable rate securities, a 10% increase from the previous record year of 2023. Similarly, in calendar year 2024, new issuance volume also reached record levels exceeding $500 billion for the first time. The consecutive record years for trading volume and new issuance volume have contributed significantly to the MSRB exceeding its funding levels. See John Bagley, Carol Converso and Marcelo Vieira, "2024 Municipal Market Year in Review," MSRB, January 2025, available at https://www.msrb.org/sites/default/files/2025-01/MSRB-2024-Municipal-Market-Year-in-Review.pdf.

[49] See supra note 11, SIFMA Letter at 5-6, 8; BDA Letter at 1 and 3; and ICE Letter at 1-2.

[50] See supra note 45. The policy identifies the baseline (in point 2, titled "Articulate a baseline against which to measure the likely economic impact of the proposed rule change"), as "an assessment of the status of the markets and participants potentially affected directly or indirectly by a proposed rule change (collectively, the "affected parties") in the absence of the proposed rule change being implemented."

withdrew its 2024 Rate Card Proposal based on industry feedback and now seeks to establish a multi-year process.

In addition to the proposed Multi-Year Rate Card Process, the MSRB also considered other fee assessment alternatives but ultimately decided that the proposed Multi-Year Rate Card Process is the best approach to provide greater predictability and stability for regulated entities along with ensuring a stable revenue stream for the MSRB. In one alternative, the MSRB considered the development of a new fee structure without a specified time horizon for its applicability. The alternative fee structure would become effective on January 1, 2026 and would remain in place indefinitely until modified by a subsequent rule filing. This alternative would provide regulated entities predictable fees that would not be altered without a process of stakeholder outreach and advanced notice. However, without the built-in combination of flexibility and structure of the Multi-Year Rate Card Process, the MSRB may, for example, develop accumulated excess reserves resulting from additional revenue collected as compared to budget expectations and, thereby, would be more likely to face the potential need for one-time rate amendments in the form of more significant, ad hoc temporary fee reductions or rebates.[51] In comparison, the proposed rule change establishing a Multi-Year Rate Card Process would create a formalized process for the MSRB to reevaluate fees in comparison to the MSRB's reserves and make adjustments at the end of each multi-year period. Thus, comparing to the current no-end-date fee structure, the proposed Multi-Year Rate Card framework would result in more regular and potentially more frequent, but also more incremental, adjustments to the four Rate Card Fees that generate the vast majority of the MSRB's annual revenue. Following the implementation of the proposed rule change, the MSRB will continue to take additional steps to collect stakeholder feedback for future multi-year Rate Card Fee adjustment. The proposed rule change is meant to avoid either the accumulation of excess reserves resulting from additional revenue collected or unexpected reserves and revenue shortfall due to market volatility and, thereby, the need for rate amendments in the form of more significant, ad hoc temporary fee adjustments. In summary, this alternative of a fixed set of fees does not help achieve the reserve management goals of the MSRB, and it is for this reason that the MSRB assesses that the proposed rule change is superior to this alternative.

Relatedly, the MSRB also considered different time horizons to be used for the Multi-Year Rate Card Process, such as three years, five years or more than five years. However, the MSRB ultimately decided that a four-year time horizon is most appropriate. The MSRB made this determination to balance stability and predictability in rates with the potential risks of changes in market activity over a longer period that could result in insufficient or excess reserves. Therefore, the MSRB determined that two or three years would be too short and may

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[51] For example, in Fiscal Year 2020, the MSRB collected $4.9 million more than budgeted from market activity fess due to a variety of factors including the COVID-19 pandemic and a low-interest rate environment. See MSRB 2020 Annual Report, available at https://www.msrb.org/sites/default/files/MSRB-2020-Annual-Report.pdf. Conversely, in a slow trading environment, MSRB's reserves may fall below the target amount and may require rulemaking to potentially implement a one-time fee increase to make up the shortfall.

add fee uncertainty for regulated entities, while five years or longer would be too long because market dynamics may change over that period, rendering the established outdated or ineffective for reserves management.[52]

Another alternative the MSRB reviewed was to include other sources of revenue in the Multi-Year Rate Card Process, such as revenue derived from bulk data users, initial and annual registration fees under MSRB Rule A-12, and underwriting assessments for underwriters of certain municipal fund securities under Rule A-13(c).[53] However, the MSRB ultimately decided not to include those fees for a variety of reasons. Fees from bulk data users are voluntary while assessments on regulated entities are mandatory. Also, each of the other noted fees constitutes a much smaller proportion than the four categories in the proposed Multi-Year Rate Card Process.[54]

Finally, the MSRB also considered a different way to apportion fees within each class of fee payer but decided that the proposed Multi-Year Rate Card Process is the best way to achieve proportionate revenue based on the MSRB's available information, i.e., underwriters pay based on their volume underwritten, trading firms pay based on their trading activities (in par value and trade count), and municipal advisory firms pay based on the headcount of a firm. A fee assessment method based on a percentage of each regulated entity's revenue, for example, would not be feasible at this time as the MSRB does not currently have such information. In addition, many municipal advisory firms would likely have business activities not solely related to municipal advisory services. At this time, the MSRB believes that the Municipal Advisor Professional Fee for each person associated with the firm who is qualified is a reasonable proxy for the size of relevant business activities conducted by each municipal advisory firm. However,

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52 The four-year time period is also consistent with the length of the forthcoming MSRB Strategic Plan 2026 - 2029.

53 See e.g., MSRB 2024 Annual Report at p. 20, stating revenues collected from such sources in fiscal year 2024, available at https://www.msrb.org/sites/default/files/2025-01/MSRB-2024-Annual-Report_0.pdf.

54 The MSRB determined not to include initial and annual registration fees in the Rate Card Fees and the Multi-Year Rate Card Process. Historically, initial registration fee amounts have been set with the intention of defraying a significant portion of the administrative and operational costs associated with the processing of a regulated entity's initial registration. In addition, annual registration fees are intended to serve as a fixed, baseline contribution from all registered regulated entities, irrespective of a regulated entity's actual total market activities. Furthermore, underwriting assessments for municipal fund securities are not based on activity during a particular period but instead on aggregate assets and therefore give rise to different considerations than do the Rate Card Fees. The MSRB determined that, at this time, it was not appropriate to incrementally adjust such fees each year through the Multi-Year Rate Card Process.

the MSRB commits to engage with stakeholders to discuss possible alternative methods for municipal advisor fees.

Benefits, Costs and Effect on Competition

The proposed rule change is intended to benefit regulated entities by providing greater regulatory clarity for the assessment of fees on MSRB regulated entities for a period of four years under the rules. The proposed rule change also is intended to benefit dealers by providing a two-year reduced rate for underwriting fees, transaction fees, and trade count fees, as these Market Activity Fees were mainly responsible for driving the MSRB's excess reserves from 2023 through 2025 because of unprecedent market trading volume as described earlier. The proposed Multi-Year Rate Card Process would likely result in smaller downward or upward quadrennial adjustments to keep revenues more closely aligned with budgeted expenses.

Benefits

The proposed rule change would result in a revised fee approach intended to align revenues and expenses more closely and to reduce the year-to-year volatility in the amount of fees collected by the MSRB. In addition, the MSRB expects that the four-year period would improve the stability and predictability of Rate Card Fees for regulated entities and remove the variability that was present with the year-to-year approach. Furthermore, the MSRB also expects that the proposed rule change would ensure that there is a fair and equitable balance of fees between all regulated entities. Lastly, the proposed rule change would enhance the MSRB's ability to manage organizational reserves while minimizing fee volatility and other operational disruptions to regulated entities.

Costs

The MSRB anticipates that regulated entities would incur minor costs from the Multi-Year Rate Card Process as part of their assessed fees. While there may be additional costs associated with the Multi-Year Rate Card Process for municipal advisors through the fee assessment, dealers would see lower fees in 2026 and 2027. The MSRB believes that the fees are reasonable and appropriate as they would improve stability and predictability over time; enhance fairness of fee burdens between regulated entities; and improve the MSRB's ability to responsibly manage organizational reserves.

Proposed Rule Change

Some regulated entities would incur costs in the form of newly assessed fees under the proposed Multi-Year Rate Card Process. This includes the fact that the Municipal Advisor Professional Fee would increase each of the four years; however, this is intended to maintain an appropriate balance of assessments between dealers and municipal advisors.[55] In total, the

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55 For example, in future iterations of the Multi-Year Rate Card Process, the Municipal Advisor Professional Fee may either decrease or increase less than other fees based on the MSRB's reserves and the proportionate fee contribution.

MSRB does not believe the proposed Multi-Year Rate Card Process would create any additional costs for regulated entities when compared to the annual rate card process that was established in 2022, as the aggregate fees assessed under the proposed Multi-Year Rate Card Process – which would become effective in January 2026 with a two-year discounted rate for Market Activity Fees – are expected to remain consistent.

Regulated entities are expected to make minor one-time revisions to their policies and procedures, including accounting systems or processes, to address the technical amendments to Rule A-11 and Rule A-13. It is possible that regulated entities may need to work with in-house legal, compliance and accounting professionals to revise the policies and procedures to comply with the proposed rule change.[56] The MSRB anticipates that regulated entities would need approximately 5.75 hours on making the appropriate changes as they pertain to Rule A-11 and

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[56] For example, the new issue fee may have to be changed in the programs dealers use for new issues.

Rule A-13, and estimates that the total upfront costs to implement the technical amendments to be $1,990, as set forth in the following table:[57]

Estimated Technical Amendments Upfront Costs for Each Regulated Entity[58]

Cost Components	Hourly Rate	Number of Hours	Cost per Firm
Upfront Costs			
a) Revision of Policies, Procedures and Accounting Systems			
Compliance Manager	$389	1	$389
In-House Compliance Counsel	$459	0.5	$230
System Analyst	$331	2	$661
General Accounting Supervisor	$269	2	$538
Chief Compliance Officer	$687	0.25	$172
Total Upfront Costs		5.75	$1,990

Effect on Competition, Efficiency and Capital Formation

The MSRB believes that the proposed Multi-Year Rate Card Process would not impose any burden on competition, as it is intended to have a fair and equitable balance of fees between all regulated entities. The MSRB believes the proposed rate change for the Calendar Years 2026, 2027, 2028 and 2029 is necessary and appropriate to ensure prudent funding for the MSRB and that such fee increases are reasonably and fairly designed to be proportionately distributed across regulated entities in such a way that would not harm competition among regulated entities,

57 The hourly rate data was gathered from the Commission's Amendments to Exchange Act Rule 3b-16. See Exchange Act Release No. 94062 (Jan. 26, 2022), 87 FR 15496, 15624, n. 1102 (March 18, 2022) (File No. S7-02-22) (citing the original source of the data from Securities Industry and Financial Markets Association Management & Professional Earnings in the Securities Industry 2013). The data reflects the 2025 hourly rate level after adjusting for the annual wage inflation between 2013 and 2025, using the Federal Reserve Bank of St. Louis Employment Cost Index: Wages and Salaries: Private Industry Workers, available at: https://fred.stlouisfed.org/series/ECIWAG.

58 Numbers in the table have been rounded to the dollar; therefore, totals may not exactly match.

impede capital formation, reduce market efficiency, nor otherwise harm the functioning of the municipal securities market.

Section 15B(b)(2)(L)(iv) of the Exchange Act[59] requires that MSRB rules not impose a regulatory burden on small municipal advisors that is not necessary or appropriate in the public interest and for the protection of investors, municipal entities, and obligated persons, provided that there is robust protection of investors against fraud. The MSRB believes that the proposed Municipal Advisor Professional Fee would not impose an unnecessary or inappropriate regulatory burden on small municipal advisors since the total amount of the assessment payable by each municipal advisory firm would continue to be proportional to the number of Form MA-I filed by a firm and, therefore, would result in lower relative assessments for smaller firms. Based on the number of persons engaging in municipal advisory activities on behalf of a firm, the total fee would therefore bear a reasonable relationship to the level of regulated municipal advisory activities that are undertaken by each firm.

For the reasons noted above, the MSRB does not believe that the proposed rule change would result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act.

5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

The MSRB did not solicit comment on the proposed rule change. However, the MSRB received comments from six commenters on the RFI, with comments on the Rate Card Fees having informed the MSRB in formulating the proposed rule change.[60]

While two commenters on the RFI supported the existing rate card process,[61] three commenters expressed the view that the existing rate card process permits too much fee volatility

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59 15 U.S.C. 78o-4(b)(2)(L)(iv).

60 See NAMA Letter, PRAG Letter, SIFMA Letter, BDA Letter, ASA Letter and ICE Bonds Letter, supra note 11. Comments are available at https://www.msrb.org/sites/default/files/2025-02/All-Comments-to-Notice-2024-14.pdf. Some commenters also addressed MSRB budgetary processes and related MSRB technology costs. The MSRB has engaged in direct conversations on these matters with stakeholder groups in connection with the MSRB's budget, including its adoption of the 2026 annual budget, both prior to and after publishing the RFI. See supra note 10. While the MSRB addresses certain key budget, revenue and technology cost matters above, see supra Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change – Statutory Basis, the discussion of comments herein is generally confined to those comments addressing the Rate Card Fees.

61 See NAMA Letter at 1; PRAG Letter at 1.

and unpredictability from year to year.[62] One commenter suggested that the current cap on year-over-year increases in Rate Card Fees should be reduced from 25% to 15%,[63] with another commenter suggesting that such cap be reduced to 10%.[64] Two commenters agreed that, when organizational reserves are too high, fees should be lowered to reduce reserve levels to established targets,[65] with one commenter stating that the existing reserve target is appropriate[66] while the other commenter suggested that the MSRB reduce its reserve target to six months of operating expenses.[67] These two commenters agreed that reserves should be used to help keep rates stable from year to year but did not support the establishment of a separate rate stabilization fund.[68] One commenter noted that there may be value in a multi-year fee-setting process to help stabilize fees[69] and another commenter did not oppose a multi-year process so long as there is a mechanism to adjust fees if reserves grew too large.[70]

The MSRB believes that the proposed Multi-Year Rate Card Process incorporates key elements that are responsive to these comments. The Annual Rate Change Limit that would be included in the Multi-Year Rate Card Process would be set at 15%, lower than the current 25% cap. The proposed Temporary Credits for 2026 and 2027, and the potential use of Temporary Credits in the future to reduce any excess reserves, is responsive to commenters desire to use reserves for such purpose without creating a separate stabilization fund. The MSRB believes that these and other aspects of the Multi-Year Rate Card Process, including the establishment of fees over a multi-year period rather than on an annual basis, appropriately address the desire to reduce volatility and unpredictability of fees.

Two commenters generally agreed that activity-based fees for the Market Activity Fees are appropriate.[71] One commenter suggested that Market Activity Fees be based on activity in

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62 See SIFMA Letter at 5; BDA Letter at 1; ICE Bonds Letter at 1.

63 See SIFMA Letter at 5.

64 See BDA Letter at 1.

65 See SIFMA Letter at 6; BDA Letter at 2.

66 See BDA Letter at 2.

67 See SIFMA Letter at 6.

68 See SIFMA Letter at 11; BDA Letter at 2.

69 See BDA Letter at 2.

70 See SIFMA Letter at 6.

71 See SIFMA Letter at 5, 9; BDA Letter at 1.

the preceding year rather than on projections of activity,[72] while another commenter suggested that, in the case of a dealer operating an alternative trading system ("ATS"), the MSRB should have an alternative method for assessing market activity more tailored to the nature of the ATS business.[73]

The MSRB would maintain the existing Market Activity Fees under the proposed rule change and believes that they remain the appropriate mechanisms for assessing activity-based fees for dealers. The MSRB believes that the use of a five-year historical average of market volume for its underlying assumptions under the Multi-Year Rate Card Process would better smooth the annual volatility in market activity and therefore the amount of assessments imposed than would a model that, on an annual basis, relies on the past year's levels of activities, which can fluctuate considerably from year to year. The MSRB appreciates the concerns expressed regarding ATS-related fees and will continue to assess in the future whether the current model remains appropriate in the context of considering more broadly the full range of sources of MSRB revenues, including whether certain business models merit alternative manners of assessments, whether existing fees and charges not included in the Rate Card Fees should be modified, whether any regulated entity activities that may not currently be subject to any MSRB fees or charges should be made subject to assessment, and whether current fee models for subscriptions to MSRB data products should be revisited.

Three commenters suggested that the MSRB develop an activity-based or revenue-based fee model for municipal advisors, which they believed would be appropriate to address what they view as an imbalance in the share of MSRB costs borne by dealers as compared to municipal advisors.[74] Two of these commenters suggested that the MSRB require municipal advisors to report to the MSRB on their municipal advisory activities and/or revenues.[75] In contrast, two commenters argued that the current Municipal Advisor Professional Fee based on covered professionals of a municipal advisor should be maintained and that activity-based fees for municipal advisors should not be considered.[76] These commenters stated that the MSRB had considered the proper model and level of municipal advisor fees, including as compared to dealer fees, in the course of developing the rate card model and that no material changes had occurred since then that would justify a change in the MSRB's approach.[77] These commenters also noted that municipal advisors engage in a variety of types and scopes of municipal advisory and other

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72 See SIFMA Letter at 5-6, 8-9.

73 See ICE Bonds Letter at 1-2.

74 See SIFMA Letter at 3-5, 9-10; BDA Letter at 2; ASA Letter at 1-2.

75 See SIFMA Letter at 4, 10; BDA Letter at 2.

76 See NAMA Letter at 4-5; PRAG Letter at 1.

77 See NAMA Letter at 2-3; PRAG Letter at 2.

activities and use a variety of compensation structures, and that a reporting regime for such information would be burdensome.[78]

The MSRB continues to believe that, for purposes of the Multi-Year Rate Card Process for establishing the Rate Card Fees pursuant to this proposed rule change, it is appropriate to maintain the existing Municipal Advisor Professional Fee, with a measured year-to-year increase to maintain the balance between dealer and municipal advisor fees determined by the MSRB when it established its original rate card process. However, with respect to municipal advisor rate card assessments, the MSRB believes that it would be appropriate, over the course of this upcoming multi-year period, to undertake a review of municipal advisory activities and any potential mechanisms for gauging levels and types of such activities that might be appropriate for use in future municipal advisor rate settings under the Multi-Year Rate Card Process. The MSRB has launched a broader retrospective rule review of its suite of municipal advisor rules[79] adopted by the MSRB since enactment in 2010 of the Dodd-Frank Wall Street Reform and Consumer Protection Act,[80] which first defined the term "municipal advisor" and granted rulemaking authority to the MSRB in this area. The MSRB will incorporate its review of potential alternative methods of assessing municipal advisors within the scope of the retrospective rule review, which will entail outreach to market participants and opportunities for interested parties to provide comment on any proposed changes to the municipal advisor assessment process.

6. Extension of Time Period for Commission Action

The MSRB does not consent at this time to an extension of the time period for Commission action specified in Section 19(b)(2) of the Exchange Act.[81]

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2) or Section 19(b)(7)(D)

Not applicable.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

Not applicable.

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78 See NAMA Letter at 5; PRAG Letter at 1.

79 See MSRB Press Release dated Jan. 31, 2025, available at: https://www.msrb.org/Press-Releases/MSRB-Discusses-Market-Regulation-Structure-and-Transparency-Initiatives-Quarterly.

80 Pub. L. No. 111-203, 124 Stat. 1376 (2010), Section 975; 15 U.S.C. 78o-4(b)(2).

81 15 U.S.C. 78s(b)(2).

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Exchange Act

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

11. Exhibits

Exhibit 1 Completed Notice of Proposed Rule Change for Publication in the Federal Register

Exhibit 5 Text of Proposed Rule Change

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-___________; File No. SR-MSRB-2025-02)
Self-Regulatory Organizations; Municipal Securities Rulemaking Board; Notice of Filing of a Proposed Rule Change to Amend MSRB Rules A-11 and A-13 Pursuant to a Multi-Year Rate Card and to Make Related Technical Amendments

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act" or "Exchange Act")[1] and Rule 19b-4 thereunder,[2] notice is hereby given that on the Municipal Securities Rulemaking Board ("MSRB" or "Board") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the MSRB. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The MSRB filed with the Commission a proposed rule change to amend MSRB Rule A-11, on assessments for municipal advisor professionals ("Rule A-11"), and Rule A-13, on underwriting and transaction assessments for brokers, dealers, and municipal securities dealers ("Rule A-13"), to establish new rates of certain assessments on municipal advisors under Rule A-11 and brokers, dealers and municipal securities dealers (collectively, "dealers" and, together with municipal advisors, "regulated entities") under Rule A-13 pursuant to a multi-year rate card, as well as to make certain related technical amendments (the "proposed rule change"). The MSRB requests that the proposed rule change be approved with an effective date of January 1,

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1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

2026, provided that if approved by the Commission after January 1, 2026, the proposed rule change be made effective as of the first day of the month following Commission approval.

The text of the proposed rule change is available on the MSRB's website at https://msrb.org/2025-SEC-Filings, at the MSRB's principal office, and at the Commission's Public Reference Room.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the MSRB included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The MSRB has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

Background

Rule A-13 currently requires dealers to pay (a) an underwriting fee under Rule A-13(b) (the "Underwriting Fee") for municipal securities purchased from an issuer by or through such dealer as part of a primary offering,[3] (b) a transaction fee under Rule A-13(d)(i) and (ii) (the "Transaction Fee") based on the par amount traded in inter-dealer trades and customer sales, and (c) a trade count fee under Rule A-13(d)(iv)(a) and (b) (the "Trade Count Fee") based on the

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3 Underwriting assessments charged pursuant to Rule A-13(c) to dealers acting as underwriters of certain municipal fund securities are not included in the assessment rates that would be amended by this proposed rule change.

number of inter-dealer trades and customer sales (collectively, the "Market Activity Fees"). Rule A-11 currently requires municipal advisors to pay to the MSRB a recurring annual fee (the "Municipal Advisor Professional Fee" and, together with the Market Activity Fees, the "Rate Card Fees") for each associated person qualified as a municipal advisor representative under MSRB Rule G-3 and for whom the municipal advisor has on file with the Commission an active Form MA-I as of January 31 of the applicable year ("covered professional"). The purpose of the proposed rule change is to amend the rates of assessment for the Rate Card Fees and to revise the MSRB's existing model for establishing Rate Card Fees from an annual process to a multi-year process based on the factors described below.

The MSRB established its current rate card model in 2022 with the stated goals of facilitating the MSRB's ability to manage its organizational reserves year-to-year, mitigating the impact of market volatility on fee revenue, and maintaining a fair and equitable balance of reasonable fees and charges among regulated entities, while prudently funding the MSRB's anticipated near-term operating expenses.[4] Pursuant to the current rate card model, in November 2023, the MSRB filed with the Commission proposed amendments to Rules A-11 and A-13 to institute the rate card fees for 2024 (the "2024 Rate Card Proposal").[5] Five comment letters were

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4 See Exchange Act Release No. 95417 (Aug. 3, 2022), 87 FR 48530, 48533-36 (Aug. 9, 2022), File No. SR-MSRB-2022-06. See also MSRB Notice 2022-06, MSRB Revises and Resubmits Annual Rate Card Amendments (July 29, 2022), available at https://www.msrb.org/sites/default/files/2022-09/2022-06.pdf. The amendments to Rules A-11 and A-13 made by the 2022 filing, together with the MSRB's then-current funding policy, constituted the rate card model instituted at that time.

5 Exchange Act Release No. 99096 (Dec. 6, 2023), 88 FR 86188 (Dec. 12, 2023), File No. SR-MSRB-2023-06. See also MSRB Notice 2023-10, MSRB Establishes 2024 Annual Rate Card Fees for Dealers and Municipal Advisors (Nov. 30, 2023), available at https://www.msrb.org/sites/default/files/2023-11/2023-10.pdf. The MSRB filed the 2024 Rate Card Filing for immediate effectiveness.

submitted to the Commission in response to the 2024 Rate Card Proposal, which highlighted concerns, among others, related to the MSRB's rate setting processes and the volatility and unpredictability of rates under the current rate card model.[6] On January 26, 2024, the MSRB submitted a response letter to the Commission that outlined undertakings the MSRB intended to pursue to address the concerns expressed by commenters with respect to the MSRB's rate setting process, including the MSRB's determination to undertake a retrospective review of this process.[7] On January 29, 2024, the Commission temporarily suspended and instituted proceedings to determine whether to approve or disapprove the 2024 Rate Card Proposal, resulting in the MSRB's Rate Card Fees reverting to the rates previously in effect.[8] The MSRB then withdrew the 2024 Rate Card Proposal on February 16, 2024,[9] in order to meaningfully engage with stakeholders to better understand and address their concerns, as well as to fulfill its retrospective rule review commitment by conducting a comprehensive review of the current rate card model.

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6 Comments are available at https://www.sec.gov/comments/sr-msrb-2023-06/srmsrb202306.htm.

7 See https://www.sec.gov/comments/sr-msrb-2023-06/srmsrb202306-416059-985442.pdf (the "2024 MSRB Response Letter").

8 Exchange Act Release No. 99444 (Jan. 29, 2024), 89 FR 7424 (Feb. 2, 2024), File No. SR-MSRB-2023-06. The 2024 Rate Card Fees applied to activity subject to the Rate Card Fees occurring between January 1, 2024 and January 28, 2024. See also MSRB Notice 2024-02, Current Dealer and Municipal Advisor Fees Upon SEC Suspension of 2024 Annual Rate Card Fees (January 30, 2024), available at https://www.msrb.org/sites/default/files/2024-01/2024-02.pdf.

9 Exchange Act Release No. 99577 (Feb. 21, 2024), 89 FR 14552 (Feb. 27, 2024), File No. SR-MSRB-2023-06. See also MSRB Notice 2024-04, Existing Dealer and Municipal Advisor Fees Maintained Upon Withdrawal of 2024 Annual Rate Card (February 16, 2024), available at https://www.msrb.org/sites/default/files/2024-02/2024-04.pdf.

Since withdrawing the 2024 Rate Card Proposal, the MSRB engaged in what it believes to be substantive outreach with stakeholders, particularly those who submitted comments in response to that proposal, to better distill and understand the most important concerns that the MSRB could meaningfully address in the near term and in the future. As one example of this substantive outreach, the MSRB issued a Request for Information ("RFI") on its rate card process on October 30, 2024, soliciting feedback from stakeholders on the MSRB's rate setting process, the distribution of fees across regulated entities generally, and the MSRB's management of its organizational reserve funds.[10] The MSRB received comments from six commenters in response to the RFI, focusing on, among other matters, the volatility and unpredictability of the current rate card model, the fee distribution between dealers and municipal advisors, and strategies for management of reserve levels.[11]

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10 See MSRB Notice 2024-14, Request for Information on the MSRB's Rate Card Process (Oct. 30, 2024), available at https://www.msrb.org/sites/default/files/2024-10/MSRB-Notice-2024-14.pdf. Prior to publication of the RFI and informing many aspects of the questions posed therein, the MSRB held outreach meetings with industry groups representing regulated entities and other stakeholders to discuss the MSRB's budget and rate card process, including joint meetings with the National Association of Municipal Advisors ("NAMA"), Bond Dealers of America ("BDA") and the Securities Industry and Financial Markets Association ("SIFMA") on March 14, 2024, and with the American Securities Association ("ASA"), the Investment Company Institute, the Government Finance Officers Association, the National Federation of Municipal Analysts, NAMA, BDA and SIFMA on April 16, 2024. The MSRB also met individually with SIFMA on June 17, 2024, NAMA on June 18, 2024, ASA on June 20, 2024 and BDA on June 20, 2024. Additional examples of such outreach include meetings held after the MSRB received comments on the RFI with industry groups representing regulated entities to further discuss the MSRB's budget and Rate Card Fees, including meetings with NAMA on July 8 and 21, 2025; BDA on July 11 and 21, 2025; and SIFMA on July 15, 2025.

11 See infra Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others. Comments were received from Susan Gaffney, Executive Director, NAMA (Jan. 28, 2025) ("NAMA Letter"); Thomas F. Huestis, Senior Managing Director, Public Resources Advisory Group, Inc. (Jan. 27, 2025) ("PRAG Letter"); Leslie M. Norwood, Managing Director and Associate General Counsel and Gerald O'Hara, Vice President and Assistant General Counsel, SIFMA (Jan.

After carefully considering the RFI responses and feedback received from the MSRB's outreach to stakeholders,[12] the MSRB has determined to revise the current fee setting process from an annual rate card model to a multi-year process and to propose new Municipal Advisor Professional Fees assessed pursuant to Rule A-11 and Market Activity Fees assessed pursuant to Rule A-13 based on the new multi-year rate setting model (the "Multi-Year Rate Card Process"), as described below.

The new Multi-Year Rate Card Process is designed to enhance the stability and predictability of Rate Card Fees, maintain fairness of assessments on regulated entities, and allow the MSRB to manage organizational reserves responsibly while minimizing uncertainty and possible operational disruptions to regulated entities that could result from more frequent and less predictable changes in assessment rates.[13] To that end, the proposed rule change implements a revised approach to fee setting, intended to address stakeholder concerns, by moving the process for determining Rate Card Fees from an annually calculated adjustment to a fixed multi-year rate schedule for Rate Card Fees, establishing appropriate parameters to limit the degree of annual changes to Rate Card Fees, establishing a framework to effectively address

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28, 2025) ("SIFMA Letter"); Michael Decker, Senior Vice President, BDA (Jan. 28, 2025) ("BDA Letter"); Jessica R. Giroux, General Counsel and Head of Fixed Income Policy, ASA (Jan. 28, 2025) ("ASA Letter"); and Robert Laorno, General Counsel, ICE Bonds Securities Corporation (Jan. 21, 2025) ("ICE Bonds Letter").

12 See supra note 10.

13 These proposed rule changes are intended to address the primary concerns of regulated entities that can reasonably be implemented in the course of establishing this new set of Rate Card Fees for 2026 – 2029 without undue delay. The MSRB remains committed to on-going engagement with stakeholders to continue to explore whether additional, longer-term changes to the MSRB's approach should be implemented in the course of developing future rate cards beyond 2029.

surplus reserves through rate adjustments to Market Activity Fees, and maintaining the target balance of Rate Card Fees between dealers and municipal advisors.

Proposed Multi-Year Rate Card Fees

To provide greater predictability and stability of the Rate Card Fees, the proposed rule change would establish Rate Card Fees for the next four calendar years: 2026, 2027, 2028, and 2029 (the "proposed Multi-Year Rate Card").[14] The Municipal Advisor Professional Fee included in the Rate Card Fees for each of these years would be operative from January 1 of each calendar year until December 31 for that year and the Market Activity Fees included in the Rate Card Fees would be operative from January 1, 2026 until December 31, 2029.[15] The MSRB anticipates that it would adopt a new set of Rate Card Fees established through the Multi-Year Rate Card Process to become effective beginning on January 1, 2030.[16] Any subsequent multi-year rate cards would be established by amendment to Rules A-11 and A-13 and in accordance with the principles and guidelines of the MSRB's revised funding policy, available at https://www.msrb.org/MSRB-Funding-Policy-1 (the "Revised Funding Policy").[17]

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14 The Municipal Advisor Professional Fee included in the proposed new Rate Card Fees, for each year covered by the proposed rule change, would be set out in Supplementary Material .01 of Rule A-11. Each of the Market Activity Fees included in the proposed new Rate Card Fees would be set out in Supplementary Material .01(a)(i) – (iii) of Rule A-13.

15 If the proposed rule change is approved with an effective date after January 1, 2026, the Rate Card Fees would instead become operative from the first day of the month following Commission approval, with the end dates for the respective Rate Card Fees remaining unchanged.

16 If no new Rate Card Fees are established by January 1, 2030, the then-effective Rate Card Fees for 2029 would remain in effect until any new fees are established.

17 The Revised Funding Policy becomes effective as of October 1, 2025. Any future revisions to the Revised Funding Policy, including any changes to the provisions relating to the Multi-Year Rate Card Process and to organizational reserve requirements, must be

As discussed below, due to both the accumulation of excess reserves (in part resulting from the suspension and subsequent withdrawal of the 2024 Rate Card Proposal, as well as heightened Market Activity Fee revenues during a period of record trading and issuance volume[18]) and a reduction in the MSRB's reserves target, the MSRB has determined to reduce excess reserves through credits ("Temporary Credits") of 45% applied to Market Activity Fees in 2026 and 2027, which would produce a reduction in the amounts to be assessed to and paid by dealers for Market Activity Fees during such years.[19] The Rate Card Fees, together with the net amount of Rate Card Fee assessments (taking into account the Temporary Credits),[20] are set forth in the following table:

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approved by the MSRB's board of directors and would be posted on the MSRB website at https://www.msrb.org/MSRB-Funding-Policy-1. Revisions to the Revised Funding Policy would not result in changes to the rates of filed Rate Card Fees absent a rule filing with the Commission, but instead would have an impact on future rate-setting through MSRB rulemaking. The proposed rule change would amend Supplementary Material .01 to Rule A-11 and Supplementary Material .01(b) to Rule A-13 to delete language describing aspects of the prior rate setting process that would be superseded by the Multi-Year Rate Card Process, to explicitly state that if no new rate card is established at the end of the period covered by the proposed rule change then the applicable rates would remain at the same level as in effect prior to the end of that period, and to provide for the on-going availability of the Revised Funding Policy, and any future revisions thereto, on the MSRB website so long as the Revised Funding Policy sets forth, in whole or in part, the MSRB's rate card process.

18 See infra note 49.

19 The Temporary Credits that would be applied to the Market Activity Fees included in the proposed new Rate Card Fees for the calendar years 2026 and 2027 would be set out in Supplementary Material .01(c) of Rule A-13.

20 The net amount of Market Activity Fees, taking into account any applicable Temporary Credits, would be set out in Supplementary Material .01(c)(i) – (iii) of Rule A-13.

	Assessment/ Credit Basis	2026	2027	2028	2029[21]
Underwriting Fee	Per $1,000 Par Underwritten	$0.0297	$0.0297	$0.0297	$0.0297
	45% Temporary Credit	($0.0134)	($0.0134)	$0	$0
	Net Rate of Assessment	$0.0163	$0.0163	$0.0297	$0.0297
Transaction Fee	Per $1,000 Par Transacted	$0.0107	$0.0107	$0.0107	$0.0107
	45% Temporary Credit	($0.0048)	($0.0048)	$0	$0
	Net Rate of Assessment	$0.0059	$0.0059	$0.0107	$0.0107
Trade Count Fee	Per Trade	$1.10	$1.10	$1.10	$1.10
	45% Temporary Credit	($0.49)	($0.49)	$0	$0
	Net Rate of Assessment	$0.61	$0.61	$1.10	$1.10
Municipal Advisor Professional Fee[22]	Per Covered Professional	$1,130	$1,200	$1,270	$1,340

Multi-Year Rate Card Process and Reserves Management

The Multi-Year Rate Card Process is designed to address stakeholders' concerns related to fee volatility inherent in the current annual rate setting process and to facilitate the MSRB's management of its organizational reserves. A multi-year rate card is a fixed rate schedule for its multi-year term (four years in the case of the proposed rule change) and is not intended to be modified during its effective term, except as described below.[23] In developing a fixed set of Rate

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21 As noted above, if no new Rate Card Fees are established by January 1, 2030, the then-effective Rate Card Fees for 2029 would remain in effect until any new fees are established.

22 The Temporary Credits included in this proposed rule change would not apply to the Municipal Advisor Professional Fee.

23 See Revised Funding Policy, supra note 17, at "Multi-Year Rate Card".

Card Fees for a multi-year period under the Multi-Year Rate Card Process, the MSRB utilized a five-year historical average of market volume for its underlying assumptions to smooth the annual volatility in market activity.[24] The Multi-Year Rate Card Process seeks to provide certainty and enhanced stability in rates across the multi-year period as compared to the existing annual process, with the Revised Funding Policy reducing the maximum annual increase or decrease in any baseline Rate Card Fee to 15% (the "Annual Rate Change Limit")[25] within a multi-year rate card period, as compared to the 25% cap on increases and no cap on decreases that existed under the annual rate card process, subject to potential Temporary Credits, as discussed below.

In the case of the Rate Card Fees proposed in this proposed rule change, the baseline rates of the Market Activity Fees would remain unchanged both from the rates currently in effect under the prior rate card and throughout the course of the proposed Multi-Year Rate Card.[26] The Municipal Advisor Professional Fee for 2026 would increase by approximately 6.6% from the rate currently in effect and would increase on an annual basis during the course of the proposed

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24 The five-year historical averages of market volume used in connection with the proposed rule change are based on the MSRB's fiscal years 2021-2024 and its projections for fiscal year 2025. The five-year market activity averages MSRB used are: $474 billion par underwritten, $1.64 trillion par transacted, and 9.2 million trades. Use of the five-year average is intended to mitigate the impact of market volatility from year-to-year. For example, par underwritten was $367 billion in fiscal year 2023 and $498 billion in fiscal year 2024.

25 The Annual Rate Change Limit would be set out in Supplementary Material .01 of Rule A-11 and Supplementary Material .01(b) of Rule A-13. See also Revised Funding Policy, supra note 17, at "Multi-Year Rate Card".

26 While the baseline Market Activity Fees would remain the same for all four years of the proposed Multi-Year Rate Card, future rate cards established under the Multi-Year Rate Card Process could have fees that differed from year to year within the period covered by such new rate card, subject to the Annual Rate Change Limit.

Multi-Year Rate Card by approximately 6% per year.[27] Thus, all baseline Rate Card Fees would be consistent with the Annual Rate Change Limit under the Multi-Year Rate Card Process.

In the event the MSRB determines that it has a significant surplus level of reserves to draw down upon, the MSRB may elect to utilize one or more Temporary Credits within the proposed Multi-Year Rate Card or in a future multi-year rate card.[28] If Temporary Credits are applied to a baseline Rate Card Fee, the Annual Rate Change Limit may be exceeded. For example, to reduce the current surplus reserves described above, the proposed Multi-Year Rate Card includes Temporary Credits during the first two years which result in the net rate of assessments for the Market Activity Fees increasing between 2027 and 2028 by more than the percentage of the Annual Rate Change Limit, notwithstanding the fact that the baseline rates would not change.[29] To achieve further stability and mitigate potential increases in Rate Card Fees (for example, when market volume is materially reduced), the MSRB would consider its

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27 The rates for the Municipal Advisor Professional Fee are designed to generate a target 8% of total rate card revenue from the Municipal Advisor Professional Fee by 2029. The 8% target was initially established in the rate card model implemented in 2022. See supra note 4, 87 FR 48530 at 48537-38. To enhance stability and predictability, the Municipal Advisor Professional Fee increases are the same dollar amount ($70) each year during the four years 2026 – 2029. Based on the assumption that the number of covered professionals will decrease by 25 individuals per year and using the five-year market activity averages to project revenue from Market Activity Fees, the MSRB projects that the Municipal Advisor Professional Fee would generate 8% of rate card revenue in 2029.

28 See Revised Funding Policy, supra note 17, at "Organizational Reserves" and "Multi-Year Rate Card".

29 Based on written comments from stakeholders responding to the RFI, the MSRB determined to prioritize the reduction of reserves through Temporary Credits over either more significant year-to-year changes that could be allowed with a higher Annual Rate Change Limit or mechanisms such as one-time rebates. See supra note 11, BDA Letter at 2 and SIFMA Letter at 6, 11. This is due in part to the additional certainty and stability in rates the MSRB is able to provide through a multi-year rate card that would not depend on unscheduled lump sum adjustments.

reserves and could draw down upon reserve levels rather than adjust the established rates of Rate Card Fees or the amounts of previously approved Temporary Credits, which rate or credit adjustments would remain as potential options but would require formal rulemaking to effectuate.

A primary goal of a rate card is to effectively manage organizational reserves, which at times may accumulate surplus funds (or may experience deficits) driven by extraordinary market activity volume or from other unexpected circumstances. The MSRB maintains a targeted level of reserve funding in accordance with its Revised Funding Policy, which is determined through a comprehensive analysis of its operating environment. The MSRB's Revised Funding Policy establishes a tolerance for variation from the organizational reserves target of +/- 20% of its target level (the "Reserve Target Tolerance").[30] Under the Multi-Year Rate Card Process, the MSRB seeks to establish Rate Card Fees that appropriately balance organizational reserves within the Reserve Target Tolerance over the effective period of the rate card.

The MSRB approved an organizational reserves target for 2026 of $30 million at its July 23-24, 2025, board of directors meeting. This level of reserves translates to approximately eight months of MSRB operating expenses.[31] To ensure the MSRB maintains fiscal discipline and responsibly manages reserves during the effective term of a multi-year rate card, the Revised

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30 See Revised Funding Policy, supra note 17, at "Organizational Reserves".

31 The board of directors of the MSRB has approved a budget of $46.2 million for the fiscal year ending September 30, 2026. See MSRB Press Release, MSRB Approves FY 2026 Budget, Amended Rate Card Filing, Elects Board Leadership at Quarterly Board Meeting (July 24, 2025), available at https://www.msrb.org/Press-Releases/MSRB-Approves-FY26-Budget-Amended-Rate-Card-Filing-Elects-Board-Leadership-Quarterly. The MSRB will publish on its website its fiscal year 2026 budget at the start of the fiscal year, on or around October 1, 2025, which will be available at https://www.msrb.org/MSRB-News/About-Us#About_Us_Publications.

Funding Policy provides for an evaluation, at the mid-point of a multi-year rate card, as to whether the Reserve Target Tolerance has been exceeded.[32] If, at the midpoint of the effective multi-year rate card, organizational reserves are in excess or deficient by more than the Reserve Target Tolerance, the MSRB would consider increases or decreases for future rate card filings. The Revised Funding Policy requires the MSRB to affirmatively address a reserves surplus over the 20% Reserve Target Tolerance. A primary method to address the surplus reserves would be to draw down on reserves in a subsequent multi-year rate card to mitigate annual rate changes. In the alternative, if there is a significant accumulation of reserves the MSRB would engage with stakeholders and discuss options to address the surplus and may choose to utilize a Temporary Credit during the course of the existing rate card period to reduce reserve levels more expeditiously than waiting until the next multi-year rate card.[33]

Related Technical Amendments

The proposed rule change would include certain technical language changes designed to ensure that the rule language reflects the proposed Multi-Year Rate Card and the related changes to institute the Multi-Year Rate Card Process. References to the current "annual" process would be eliminated throughout Rules A-11 and A-13 and instead would reflect the four-year term of the proposed Multi-Year Rate Card in the proposed rule change.[34] In particular, the proposed

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32 See Revised Funding Policy, supra note 17, at "Organizational Reserves".

33 See Revised Funding Policy, supra note 17, at "Multi-Year Rate Card".

34 Thus, the word "annual" would be removed in references to "annual rate card" in Rule A-11(b), Supplementary Material .01 to Rule A-11, Rule A-13(b), Rule A-13(d)(i) – (ii), Rule A-13(d)(iv)(a) – (b), and Supplementary Material .01 and .01(b). Other uses of the term "annual" in Rule A-11(b) are either retained without change or are deleted as part of broader deletions of language described above with respect to the change in the rate card model. See supra note 17.

rule change language refers to the rates that would be in effect (including any net rates due to Temporary Credits, as applicable) for each year within the course of the proposed Multi-Year Rate Card.[35]

2. Statutory Basis

Section 15B(b)(2)(J) of the Exchange Act states that the MSRB's rules shall provide that each municipal securities broker, municipal securities dealer, and municipal advisor shall pay to the MSRB such reasonable fees and charges as may be necessary or appropriate to defray the costs and expenses of operating and administering the MSRB.[36] Such rules must specify the amount of such fees and charges, which may include charges for failure to submit to the MSRB, or to any information system operated by the MSRB, within the prescribed timeframes, any items of information or documents required to be submitted under any rule issued by the MSRB.[37]

The MSRB believes that the proposed rule change establishes reasonable fees and charges to be paid by regulated entities consistent with Section 15B(b)(2)(J) of the Exchange Act.[38] The proposed rule change is designed to promote the collection of reasonable, predictable,

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35 In the case of the Municipal Advisor Professional Fee, language would be added in Supplementary Material .01 to Rule A-11 to make explicit that the charge is based on the number of covered professionals in the respective year for which the fee is to be assessed, and the rates for each year would be listed in clauses (a) – (d) thereof. While the Market Activity Fees themselves would not change from year to year within the four-year period covered by the proposed rule change, since the Temporary Credit that would be applied pursuant to Supplementary Material .01(c) to Rule A-13 for the first two years, the net rate of assessment of the Market Activity Fees for the first two years would be listed in clauses (i) – (iii) thereof.

36 15 U.S.C. 78o-4(b)(2)(J).

37 Id.

38 Id.

and stable fees from MSRB regulated entities as may be necessary or appropriate to defray the costs and expenses of operating and administering the MSRB, including maintaining a responsible level of organizational reserves. The MSRB's fiscal year 2026 budgeted expenses total $46.2 million.[39] This represents a 5.2% decrease in expenses compared to the fiscal year

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[39] See supra note 31. As in past years, the MSRB's fiscal year 2026 budget will include, among other things, information regarding budgeted expenses by major organizational activities. Technology-related activities generally comprise the largest share of budgeted expenses, with such activities being generally divided between information technology services and market transparency products and services. Information technology services pertain to ensuring security, availability and resiliency for both internal organizational technology needs and external market and regulatory transparency systems, and such services generally bridge internal and external technology needs and only less frequently are confined to one or the other. Similarly, market transparency products and services pertain to the various different market and regulatory transparency systems, and such systems generally operate using shared technology platforms, data resources and information technology services and only less frequently have such platforms, resources and services that are confined to a single system. As such, the MSRB does not budget based on systems. However, consistent with the MSRB's commitment made in the 2024 MSRB Response Letter, supra note 7, at 6-7, the MSRB has developed reasonable allocation assumptions to assist in the understanding of the MSRB's technology system-related expenses. Figures developed using those assumptions, however, may not reflect the actual manner in which funds are expended and effort is applied to a particular system. Using such assumptions, the MSRB estimates that, of the combined information technology services and market transparency products and services budgets for fiscal year 2026 totaling $27.1 million, slightly more than one-quarter would be allocable to trade data collection and processing through the Real-Time Transaction Reporting System (RTRS) under MSRB Rule G-14, on reports of sales or purchases, and Information Facility 1 (IF-1). Approximately half of this combined technology budget would be allocable, in approximately equal shares, to: (i) the combined services for primary market disclosures through the Electronic Municipal Market Access (EMMA®) Primary Market Disclosure Service under MSRB Rule G-32, on disclosures in connection with primary offerings, and Information Facility 3 (IF-3), and continuing disclosures through the EMMA Continuing Disclosure Service under IF-3 and Commission Rule 15c2-12, on municipal securities disclosure, adopted by the Commission under the Exchange Act; (ii) data dissemination services (including the EMMA website for public dissemination as well as subscription services under IF-3 for the MSRB's various market transparency systems to subscribers for use either internally, to make available to their client-base, or to develop or populate their data products for re-dissemination to their customers); and (iii) regulatory, compliance and administration services (including but not limited to maintenance of the MSRB.org website, data/services for use solely by other regulators through the Regulator Web (RegWeb) service, the system for registering

2025 budgeted expenses.[40] In its underlying analysis, the MSRB assumes an annual average expense growth rate of 3.4% for fiscal years 2027 through 2029. In determining the reasonableness of this expense growth rate, the MSRB consulted the average annual growth rate of the Consumer Price Index, a standard index of inflation, which over the prior 4-year period ranged from 3-5% annual increases. At the end of fiscal year 2024, the MSRB's reserves balance was $48.4 million and is projected to be $60.8 million by the end of fiscal year 2025. To achieve a goal of reducing the MSRB's reserves balance to within the 20% Reserve Target Tolerance of its reserve target level of $30 million, the MSRB believes the 45% Temporary Credit for the Market Activity Fees would effectively reduce reserve levels, which were driven largely by market activity fee revenue performance in recent years. With respect to its revenue expectations for fiscal year 2026, the MSRB anticipates the revenue from the Rate Card Fees to represent 78% of total revenues, with the remaining 22% of revenues comprised of data subscription fees, underwriting assessments for certain municipal fund securities offerings under Rule A-13(c), annual and initial fees under Rule A-12(b) and (c), investment income, fine revenue, and other miscellaneous revenue (including examination fees under Rule A-16).

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regulated entities with the MSRB under MSRB Rule A-12, on registration, and authentication systems for secure submissions to and other uses of MSRB transparency and other systems, including MSRB Gateway). The final portion, constituting approximately 20% of the combined technology budget, would be allocable to (i) the system for variable rate securities interest rate and documentation collection through the Short-Term Obligation Rate Transparency (SHORT) System under MSRB Rule G-34, on CUSIP numbers, new issue, and market information requirements, and Information Facility 2 (IF-2), and (ii) all internal technology needs. These figures are likely to vary from year to year. EMMA is a registered trademark of the MSRB.

40 See https://www.msrb.org/sites/default/files/2024-10/MSRB-FY-2025-Budget-Summary.pdf.

Thus, the MSRB believes that the proposed rule change is necessary and appropriate to fund the operation and administration of the MSRB and, thereby, satisfies the requirements of Section 15B(b)(2)(J)[41] through the achievement of a reasonable fee structure that (i) improves the stability and predictability of Rate Card Fees over time; (ii) maintains an appropriate balance of assessments on regulated entities;[42] and (iii) improves the MSRB's ability to manage organizational reserves responsibly while minimizing fee volatility and other operational disruptions to regulated entities.

B. Self-Regulatory Organization's Statement on Burden on Competition

Section 15B(b)(2)(C) of the Exchange Act requires that MSRB rules not be designed to impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act.[43] The proposed rule change, including the modifications to the MSRB Rate Card Process through the proposed amendments to Rule A-11 and Rule A-13, would not create any burden on competition. As intended under the proposed rule change, the Rate Card Fees are applicable to all dealers and municipal advisors over the course of the four years covered by the proposed Multi-Year Rate Card. The MSRB therefore does not believe the proposed rule change would create any burden on competition for regulated entities, as the

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[41] 15 U.S.C. 78o-4(b)(2)(J).

[42] See supra note 27. The proposed rule change maintains the contribution targets set forth when the MSRB established the rate card process in 2022, which the MSRB believes remain appropriate as no durable, material shift in market structure has occurred to warrant alteration of current target contribution levels. The proposed rule change's Temporary Credits apply to dealer Market Activity Fees because the MSRB's excess reserves resulted from revenue derived from extraordinary market trading and issuance volume between 2023 and 2025. See infra note 49.

[43] 15 U.S.C. 78o-4(b)(2)(C).

projected fee proportions would maintain balance between Municipal Advisor Professional Fees and Dealer Market Activity Fees, as well as among the three dealer fees that make up the Market Activity Fees, and would enhance fairness in fees across regulated entities by providing a clear blueprint of financial expectations for the four years of the proposed Multi-Year Rate Card. Therefore, since the proposed rule change would not create any burden on competition, the MSRB believes that the proposed rule change would meet the statutory requirement that its rules not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act.

In determining whether the proposed rule change is necessary and appropriate, the MSRB was guided by the MSRB's Policy on the Use of Economic Analysis in MSRB Rulemaking.[44] In accordance with this policy, the MSRB evaluated the potential impacts of the proposed rule change relative to the current baseline fee structure. The Multi-Year Rate Card Process, proposed by the proposed rule change, is intended to introduce a new fee structure that would (i) better mitigate the impact of market volatility on the MSRB's revenue structure (and, consequently, also better mitigate the impact of market volatility on the MSRB's organizational reserves), and (ii) establish rates for a four year cycle that would provide greater predictability and stability of Rate Card Fees over the long term than the MSRB's current fee structure.[45] Furthermore, the

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44 See MSRB Policy on the Use of Economic Analysis in MSRB Rulemaking, available at https://www.msrb.org/Policy-Use-Economic-Analysis-MSRB-Rulemaking. In evaluating whether there was any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act, the MSRB was guided by its principles that required the MSRB to consider costs and benefits of a rule change, its impact on efficiency, capital formation and competition, and the main reasonable alternative regulatory approaches.

45 See related discussion supra under Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change – Purpose – Proposed Multi-Year Rate Card Fees.

Multi-Year Rate Card Process would maintain balance between Municipal Advisor Professional Fees and dealers' Market Activity Fees. This would be achieved by raising the Municipal Advisor Professional Fee by 6.6% for 2026, and then increasing it by approximately 6% per year through 2029, thereby maintaining the contribution target for the Municipal Advisor Professional fee at 8% of all Rate Card Fees collected by the fourth year of the proposed Multi-Year Rate Card.[46] Additionally, the MSRB would provide a 45% discount, through the Temporary Credits, for Market Activity Fees in 2026 and 2027. The MSRB believes that these actions would provide balance for regulated entities. Lastly, as part of the Revised Funding Policy, the MSRB would address its surplus reserves by providing dealers with Temporary Credits in an effort to draw down the organization's reserves. The current reserve levels exceeded the 20% threshold[47] in large measure resulting from the suspension and subsequent withdrawal of the 2024 Rate Card Proposal and a period of record trading and issuance volume that increased the excess reserve.[48]

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46 See supra note 27.

47 See supra Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change – Purpose – Multi-Year Rate Card Process and Reserves Management. The MSRB's reserves balance at the end of fiscal year 2024 was $48.4 million and is projected to be $60.8 million by the end of fiscal year 2025.

48 Between 2022 and 2024 the market experienced three consecutive years of record trade count, culminating with 14.5 million total trades in the calendar year of 2024, including trades that MSRB does not bill for such as variable rate securities, a 10% increase from the previous record year of 2023. Similarly, in calendar year 2024, new issuance volume also reached record levels exceeding $500 billion for the first time. The consecutive record years for trading volume and new issuance volume have contributed significantly to the MSRB exceeding its funding levels. See John Bagley, Carol Converso and Marcelo Vieira, "2024 Municipal Market Year in Review," MSRB, January 2025, available at https://www.msrb.org/sites/default/files/2025-01/MSRB-2024-Municipal-Market-Year-in-Review.pdf.

The MSRB anticipates that the Temporary Credits would address stakeholder concerns regarding the organization's current reserve levels.

The MSRB believes that the proposed rule change would address industry concerns regarding the stability and predictability[49] of the proposed Rate Card Fees; enhance fairness in fee burdens between dealers and municipal advisors as mentioned above; and allow the MSRB to manage organizational reserves responsibly while minimizing uncertainty and possible operational disruptions to regulated entities. The proposed rule change is designed to provide greater predictability and stability of the Rate Card Fees for the next four years: 2026, 2027, 2028, and 2029. Additionally, the proposed technical amendments to Rule A-11 and Rule A-13 are intended to provide greater clarity on the assessment of fees referenced in MSRB rules by removing references to "Annual" Rate Card throughout. Without the proposed rule change, the MSRB would be less able to maintain its target balance of Rate Card Fees between dealers and municipal advisors or to manage fee volatility while also ensuring that its organizational reserves are reflective of the Revised Funding Policy.

Baseline and Reasonable Alternative Approaches

The MSRB's Policy on the Use of Economic Analysis in MSRB Rulemaking outlines that rulemaking must articulate a baseline against which to measure the likely economic impact of the proposed rule change,[50] which is essential in considering the likely costs and benefits of a

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[49] See supra note 11, SIFMA Letter at 5-6, 8; BDA Letter at 1 and 3; and ICE Letter at 1-2.

[50] See supra note 45. The policy identifies the baseline (in point 2, titled "Articulate a baseline against which to measure the likely economic impact of the proposed rule change"), as "an assessment of the status of the markets and participants potentially affected directly or indirectly by a proposed rule change (collectively, the "affected parties") in the absence of the proposed rule change being implemented."

proposed rule change when the proposal is fully implemented (future state). For the proposed rule change, the baseline is Rule A-11, on assessments for municipal advisor professionals and Rule A-13, on underwriting and transaction assessments for brokers, dealers and municipal securities dealers currently in effect. The relevant portions of Rule A-11 and Rule A-13, the aforementioned baseline, were last amended in 2022 and established a rate card model intended to be amended on a yearly basis. However, as discussed in previous sections, the MSRB withdrew its 2024 Rate Card Proposal based on industry feedback and now seeks to establish a multi-year process.

In addition to the proposed Multi-Year Rate Card Process, the MSRB also considered other fee assessment alternatives but ultimately decided that the proposed Multi-Year Rate Card Process is the best approach to provide greater predictability and stability for regulated entities along with ensuring a stable revenue stream for the MSRB. In one alternative, the MSRB considered the development of a new fee structure without a specified time horizon for its applicability. The alternative fee structure would become effective on January 1, 2026 and would remain in place indefinitely until modified by a subsequent rule filing. This alternative would provide regulated entities predictable fees that would not be altered without a process of stakeholder outreach and advanced notice. However, without the built-in combination of flexibility and structure of the Multi-Year Rate Card Process, the MSRB may, for example, develop accumulated excess reserves resulting from additional revenue collected as compared to budget expectations and, thereby, would be more likely to face the potential need for one-time rate amendments in the form of more significant, ad hoc temporary fee reductions or rebates.[51] In

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51 For example, in Fiscal Year 2020, the MSRB collected $4.9 million more than budgeted from market activity fess due to a variety of factors including the COVID-19 pandemic and a low-interest rate environment. See MSRB 2020 Annual Report, available at

comparison, the proposed rule change establishing a Multi-Year Rate Card Process would create a formalized process for the MSRB to reevaluate fees in comparison to the MSRB's reserves and make adjustments at the end of each multi-year period. Thus, comparing to the current no-end-date fee structure, the proposed Multi-Year Rate Card framework would result in more regular and potentially more frequent, but also more incremental, adjustments to the four Rate Card Fees that generate the vast majority of the MSRB's annual revenue. Following the implementation of the proposed rule change, the MSRB will continue to take additional steps to collect stakeholder feedback for future multi-year Rate Card Fee adjustment. The proposed rule change is meant to avoid either the accumulation of excess reserves resulting from additional revenue collected or unexpected reserves and revenue shortfall due to market volatility and, thereby, the need for rate amendments in the form of more significant, ad hoc temporary fee adjustments. In summary, this alternative of a fixed set of fees does not help achieve the reserve management goals of the MSRB, and it is for this reason that the MSRB assesses that the proposed rule change is superior to this alternative.

Relatedly, the MSRB also considered different time horizons to be used for the Multi-Year Rate Card Process, such as three years, five years or more than five years. However, the MSRB ultimately decided that a four-year time horizon is most appropriate. The MSRB made this determination to balance stability and predictability in rates with the potential risks of changes in market activity over a longer period that could result in insufficient or excess reserves. Therefore, the MSRB determined that two or three years would be too short and may

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https://www.msrb.org/sites/default/files/MSRB-2020-Annual-Report.pdf. Conversely, in a slow trading environment, MSRB's reserves may fall below the target amount and may require rulemaking to potentially implement a one-time fee increase to make up the shortfall.

add fee uncertainty for regulated entities, while five years or longer would be too long because market dynamics may change over that period, rendering the established outdated or ineffective for reserves management.[52]

Another alternative the MSRB reviewed was to include other sources of revenue in the Multi-Year Rate Card Process, such as revenue derived from bulk data users, initial and annual registration fees under MSRB Rule A-12, and underwriting assessments for underwriters of certain municipal fund securities under Rule A-13(c).[53] However, the MSRB ultimately decided not to include those fees for a variety of reasons. Fees from bulk data users are voluntary while assessments on regulated entities are mandatory. Also, each of the other noted fees constitutes a much smaller proportion than the four categories in the proposed Multi-Year Rate Card Process.[54]

Finally, the MSRB also considered a different way to apportion fees within each class of fee payer but decided that the proposed Multi-Year Rate Card Process is the best way to achieve

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52 The four-year time period is also consistent with the length of the forthcoming MSRB Strategic Plan 2026 - 2029.

53 See e.g., MSRB 2024 Annual Report at p. 20, stating revenues collected from such sources in fiscal year 2024, available at https://www.msrb.org/sites/default/files/2025-01/MSRB-2024-Annual-Report_0.pdf.

54 The MSRB determined not to include initial and annual registration fees in the Rate Card Fees and the Multi-Year Rate Card Process. Historically, initial registration fee amounts have been set with the intention of defraying a significant portion of the administrative and operational costs associated with the processing of a regulated entity’s initial registration. In addition, annual registration fees are intended to serve as a fixed, baseline contribution from all registered regulated entities, irrespective of a regulated entity’s actual total market activities. Furthermore, underwriting assessments for municipal fund securities are not based on activity during a particular period but instead on aggregate assets and therefore give rise to different considerations than do the Rate Card Fees. The MSRB determined that, at this time, it was not appropriate to incrementally adjust such fees each year through the Multi-Year Rate Card Process.

proportionate revenue based on the MSRB's available information, i.e., underwriters pay based on their volume underwritten, trading firms pay based on their trading activities (in par value and trade count), and municipal advisory firms pay based on the headcount of a firm. A fee assessment method based on a percentage of each regulated entity's revenue, for example, would not be feasible at this time as the MSRB does not currently have such information. In addition, many municipal advisory firms would likely have business activities not solely related to municipal advisory services. At this time, the MSRB believes that the Municipal Advisor Professional Fee for each person associated with the firm who is qualified is a reasonable proxy for the size of relevant business activities conducted by each municipal advisory firm. However, the MSRB commits to engage with stakeholders to discuss possible alternative methods for municipal advisor fees.

Benefits, Costs and Effect on Competition

The proposed rule change is intended to benefit regulated entities by providing greater regulatory clarity for the assessment of fees on MSRB regulated entities for a period of four years under the rules. The proposed rule change also is intended to benefit dealers by providing a two-year reduced rate for underwriting fees, transaction fees, and trade count fees, as these Market Activity Fees were mainly responsible for driving the MSRB's excess reserves from 2023 through 2025 because of unprecedent market trading volume as described earlier. The proposed Multi-Year Rate Card Process would likely result in smaller downward or upward quadrennial adjustments to keep revenues more closely aligned with budgeted expenses.

Benefits

The proposed rule change would result in a revised fee approach intended to align revenues and expenses more closely and to reduce the year-to-year volatility in the amount of fees collected by the MSRB. In addition, the MSRB expects that the four-year period would improve the stability and predictability of Rate Card Fees for regulated entities and remove the variability that was present with the year-to-year approach. Furthermore, the MSRB also expects that the proposed rule change would ensure that there is a fair and equitable balance of fees between all regulated entities. Lastly, the proposed rule change would enhance the MSRB's ability to manage organizational reserves while minimizing fee volatility and other operational disruptions to regulated entities.

Costs

The MSRB anticipates that regulated entities would incur minor costs from the Multi-Year Rate Card Process as part of their assessed fees. While there may be additional costs associated with the Multi-Year Rate Card Process for municipal advisors through the fee assessment, dealers would see lower fees in 2026 and 2027. The MSRB believes that the fees are reasonable and appropriate as they would improve stability and predictability over time; enhance fairness of fee burdens between regulated entities; and improve the MSRB's ability to responsibly manage organizational reserves.

Proposed Rule Change

Some regulated entities would incur costs in the form of newly assessed fees under the proposed Multi-Year Rate Card Process. This includes the fact that the Municipal Advisor Professional Fee would increase each of the four years; however, this is intended to maintain an appropriate balance of assessments between dealers and municipal advisors.[55] In total, the

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55 For example, in future iterations of the Multi-Year Rate Card Process, the Municipal Advisor Professional Fee may either decrease or increase less than other fees based on the MSRB's reserves and the proportionate fee contribution.

MSRB does not believe the proposed Multi-Year Rate Card Process would create any additional costs for regulated entities when compared to the annual rate card process that was established in 2022, as the aggregate fees assessed under the proposed Multi-Year Rate Card Process – which would become effective in January 2026 with a two-year discounted rate for Market Activity Fees – are expected to remain consistent.

Regulated entities are expected to make minor one-time revisions to their policies and procedures, including accounting systems or processes, to address the technical amendments to Rule A-11 and Rule A-13. It is possible that regulated entities may need to work with in-house legal, compliance and accounting professionals to revise the policies and procedures to comply with the proposed rule change.[56] The MSRB anticipates that regulated entities would need approximately 5.75 hours on making the appropriate changes as they pertain to Rule A-11 and

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[56] For example, the new issue fee may have to be changed in the programs dealers use for new issues.

Rule A-13, and estimates that the total upfront costs to implement the technical amendments to be $1,990, as set forth in the following table:[57]

Estimated Technical Amendments Upfront Costs for Each Regulated Entity[58]

Cost Components	Hourly Rate	Number of Hours	Cost per Firm
Upfront Costs			
a) Revision of Policies, Procedures and Accounting Systems			
Compliance Manager	$389	1	$389
In-House Compliance Counsel	$459	0.5	$230
System Analyst	$331	2	$661
General Accounting Supervisor	$269	2	$538
Chief Compliance Officer	$687	0.25	$172
Total Upfront Costs		5.75	$1,990

Effect on Competition, Efficiency and Capital Formation

The MSRB believes that the proposed Multi-Year Rate Card Process would not impose any burden on competition, as it is intended to have a fair and equitable balance of fees between all regulated entities. The MSRB believes the proposed rate change for the Calendar Years 2026, 2027, 2028 and 2029 is necessary and appropriate to ensure prudent funding for the MSRB and

57 The hourly rate data was gathered from the Commission's Amendments to Exchange Act Rule 3b-16. See Exchange Act Release No. 94062 (Jan. 26, 2022), 87 FR 15496, 15624, n. 1102 (March 18, 2022) (File No. S7-02-22) (citing the original source of the data from Securities Industry and Financial Markets Association Management & Professional Earnings in the Securities Industry 2013). The data reflects the 2025 hourly rate level after adjusting for the annual wage inflation between 2013 and 2025, using the Federal Reserve Bank of St. Louis Employment Cost Index: Wages and Salaries: Private Industry Workers, available at: https://fred.stlouisfed.org/series/ECIWAG.

58 Numbers in the table have been rounded to the dollar; therefore, totals may not exactly match.

that such fee increases are reasonably and fairly designed to be proportionately distributed across regulated entities in such a way that would not harm competition among regulated entities, impede capital formation, reduce market efficiency, nor otherwise harm the functioning of the municipal securities market.

Section 15B(b)(2)(L)(iv) of the Exchange Act[59] requires that MSRB rules not impose a regulatory burden on small municipal advisors that is not necessary or appropriate in the public interest and for the protection of investors, municipal entities, and obligated persons, provided that there is robust protection of investors against fraud. The MSRB believes that the proposed Municipal Advisor Professional Fee would not impose an unnecessary or inappropriate regulatory burden on small municipal advisors since the total amount of the assessment payable by each municipal advisory firm would continue to be proportional to the number of Form MA-I filed by a firm and, therefore, would result in lower relative assessments for smaller firms. Based on the number of persons engaging in municipal advisory activities on behalf of a firm, the total fee would therefore bear a reasonable relationship to the level of regulated municipal advisory activities that are undertaken by each firm.

For the reasons noted above, the MSRB does not believe that the proposed rule change would result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

[59] 15 U.S.C. 78o-4(b)(2)(L)(iv).

The MSRB did not solicit comment on the proposed rule change. However, the MSRB received comments from six commenters on the RFI, with comments on the Rate Card Fees having informed the MSRB in formulating the proposed rule change.[60]

While two commenters on the RFI supported the existing rate card process,[61] three commenters expressed the view that the existing rate card process permits too much fee volatility and unpredictability from year to year.[62] One commenter suggested that the current cap on year-over-year increases in Rate Card Fees should be reduced from 25% to 15%,[63] with another commenter suggesting that such cap be reduced to 10%.[64] Two commenters agreed that, when organizational reserves are too high, fees should be lowered to reduce reserve levels to established targets,[65] with one commenter stating that the existing reserve target is appropriate[66]

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60 See NAMA Letter, PRAG Letter, SIFMA Letter, BDA Letter, ASA Letter and ICE Bonds Letter, supra note 11. Comments are available at https://www.msrb.org/sites/default/files/2025-02/All-Comments-to-Notice-2024-14.pdf. Some commenters also addressed MSRB budgetary processes and related MSRB technology costs. The MSRB has engaged in direct conversations on these matters with stakeholder groups in connection with the MSRB's budget, including its adoption of the 2026 annual budget, both prior to and after publishing the RFI. See supra note 10. While the MSRB addresses certain key budget, revenue and technology cost matters above, see supra Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change – Statutory Basis, the discussion of comments herein is generally confined to those comments addressing the Rate Card Fees.

61 See NAMA Letter at 1; PRAG Letter at 1.

62 See SIFMA Letter at 5; BDA Letter at 1; ICE Bonds Letter at 1.

63 See SIFMA Letter at 5.

64 See BDA Letter at 1.

65 See SIFMA Letter at 6; BDA Letter at 2.

66 See BDA Letter at 2.

while the other commenter suggested that the MSRB reduce its reserve target to six months of operating expenses.[67] These two commenters agreed that reserves should be used to help keep rates stable from year to year but did not support the establishment of a separate rate stabilization fund.[68] One commenter noted that there may be value in a multi-year fee-setting process to help stabilize fees[69] and another commenter did not oppose a multi-year process so long as there is a mechanism to adjust fees if reserves grew too large.[70]

The MSRB believes that the proposed Multi-Year Rate Card Process incorporates key elements that are responsive to these comments. The Annual Rate Change Limit that would be included in the Multi-Year Rate Card Process would be set at 15%, lower than the current 25% cap. The proposed Temporary Credits for 2026 and 2027, and the potential use of Temporary Credits in the future to reduce any excess reserves, is responsive to commenters desire to use reserves for such purpose without creating a separate stabilization fund. The MSRB believes that these and other aspects of the Multi-Year Rate Card Process, including the establishment of fees over a multi-year period rather than on an annual basis, appropriately address the desire to reduce volatility and unpredictability of fees.

Two commenters generally agreed that activity-based fees for the Market Activity Fees are appropriate.[71] One commenter suggested that Market Activity Fees be based on activity in

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67 See SIFMA Letter at 6.

68 See SIFMA Letter at 11; BDA Letter at 2.

69 See BDA Letter at 2.

70 See SIFMA Letter at 6.

71 See SIFMA Letter at 5, 9; BDA Letter at 1.

the preceding year rather than on projections of activity,[72] while another commenter suggested that, in the case of a dealer operating an alternative trading system ("ATS"), the MSRB should have an alternative method for assessing market activity more tailored to the nature of the ATS business.[73]

The MSRB would maintain the existing Market Activity Fees under the proposed rule change and believes that they remain the appropriate mechanisms for assessing activity-based fees for dealers. The MSRB believes that the use of a five-year historical average of market volume for its underlying assumptions under the Multi-Year Rate Card Process would better smooth the annual volatility in market activity and therefore the amount of assessments imposed than would a model that, on an annual basis, relies on the past year's levels of activities, which can fluctuate considerably from year to year. The MSRB appreciates the concerns expressed regarding ATS-related fees and will continue to assess in the future whether the current model remains appropriate in the context of considering more broadly the full range of sources of MSRB revenues, including whether certain business models merit alternative manners of assessments, whether existing fees and charges not included in the Rate Card Fees should be modified, whether any regulated entity activities that may not currently be subject to any MSRB fees or charges should be made subject to assessment, and whether current fee models for subscriptions to MSRB data products should be revisited.

Three commenters suggested that the MSRB develop an activity-based or revenue-based fee model for municipal advisors, which they believed would be appropriate to address what they

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72 See SIFMA Letter at 5-6, 8-9.

73 See ICE Bonds Letter at 1-2.

view as an imbalance in the share of MSRB costs borne by dealers as compared to municipal advisors.[74] Two of these commenters suggested that the MSRB require municipal advisors to report to the MSRB on their municipal advisory activities and/or revenues.[75] In contrast, two commenters argued that the current Municipal Advisor Professional Fee based on covered professionals of a municipal advisor should be maintained and that activity-based fees for municipal advisors should not be considered.[76] These commenters stated that the MSRB had considered the proper model and level of municipal advisor fees, including as compared to dealer fees, in the course of developing the rate card model and that no material changes had occurred since then that would justify a change in the MSRB's approach.[77] These commenters also noted that municipal advisors engage in a variety of types and scopes of municipal advisory and other activities and use a variety of compensation structures, and that a reporting regime for such information would be burdensome.[78]

The MSRB continues to believe that, for purposes of the Multi-Year Rate Card Process for establishing the Rate Card Fees pursuant to this proposed rule change, it is appropriate to maintain the existing Municipal Advisor Professional Fee, with a measured year-to-year increase to maintain the balance between dealer and municipal advisor fees determined by the MSRB when it established its original rate card process. However, with respect to municipal advisor rate

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74 See SIFMA Letter at 3-5, 9-10; BDA Letter at 2; ASA Letter at 1-2.

75 See SIFMA Letter at 4, 10; BDA Letter at 2.

76 See NAMA Letter at 4-5; PRAG Letter at 1.

77 See NAMA Letter at 2-3; PRAG Letter at 2.

78 See NAMA Letter at 5; PRAG Letter at 1.

card assessments, the MSRB believes that it would be appropriate, over the course of this upcoming multi-year period, to undertake a review of municipal advisory activities and any potential mechanisms for gauging levels and types of such activities that might be appropriate for use in future municipal advisor rate settings under the Multi-Year Rate Card Process. The MSRB has launched a broader retrospective rule review of its suite of municipal advisor rules[79] adopted by the MSRB since enactment in 2010 of the Dodd-Frank Wall Street Reform and Consumer Protection Act,[80] which first defined the term "municipal advisor" and granted rulemaking authority to the MSRB in this area. The MSRB will incorporate its review of potential alternative methods of assessing municipal advisors within the scope of the retrospective rule review, which will entail outreach to market participants and opportunities for interested parties to provide comment on any proposed changes to the municipal advisor assessment process.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period of up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) by order approve or disapprove such proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

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79 See MSRB Press Release dated Jan. 31, 2025, available at: https://www.msrb.org/Press-Releases/MSRB-Discusses-Market-Regulation-Structure-and-Transparency-Initiatives-Quarterly.

80 Pub. L. No. 111-203, 124 Stat. 1376 (2010), Section 975; 15 U.S.C. 78o-4(b)(2).

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form (http://www.sec.gov/rules/sro.shtml); or
- Send an email to rule-comments@sec.gov. Please include File Number SR-MSRB-2025-02 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549.

All submissions should refer to File Number SR-MSRB-2025-02. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (http://www.sec.gov/rules/sro.shtml). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549 on official business days between the hours of 10:00 am and 3:00 pm. Copies of the filing also will be available for inspection and copying at the principal office of the MSRB. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to File Number SR-MSRB-2025-02 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, pursuant to delegated authority.[81]

Sherry R. Haywood
Assistant Secretary

[81] 17 CFR 200.30-3(a)(12).

EXHIBIT 5

Rule A-11: Assessments for Municipal Advisor Professionals

(a) Definition of "Covered Professional." No change.

(b) Annual Municipal Advisor Professional Fee. Each municipal advisor that is registered with the Commission shall pay to the Board a recurring annual fee equal to the amount set forth in the [Annual] Rate Card as noted in Supplementary Material .01 for each covered professional[.] for each respective year. The annual professional fee shall be due by April 30 each year in the manner provided by the MSRB Registration Manual.

(c) Late Fees. No change.

Supplementary Material

.01 [Annual] Rate Card Fee. Pursuant to Section (b) above, each municipal advisor that is registered with the Commission shall pay to the Board a fee [in the amount of $1,160] for each covered professional as of January 31 of the applicable year, beginning in 2026[4], in the amounts listed below:[.]

(a) 2026: $1,130 for each covered professional;
(b) 2027: $1,200 for each covered professional;
(c) 2028: $1,270 for each covered professional;
(d) 2029: $1,340 for each covered professional.

[The] Any subsequent amendment of [this] these [Annual] Rate Card Fees will be determined pursuant to [through] the Board's [annual] rate card process as further described in the Board's funding policy. Any such amendment to Rate Card Fees will [and] be filed with [submitted to] the [Securities and Exchange] Commission pursuant to the provisions of Section 19(b)(1) of the [Securities Exchange] Act [of 1934, as amended]. Rate Card Fees in effect at the end of any period for which they have been established as set forth in this rule shall remain in effect after the lapse of such period until new Rate Card Fees are established and become effective. The [annual] rate card process includes [(i) a maximum cap on targeted revenue that caps an annual increase in the total targeted revenue for a Rate Card Fee at 10% of the highest amount of such targeted revenue in the previous two annual rate cards and (ii)] a maximum cap on assessment rate increases or decreases during the period covered by a particular rate card that caps the maximum change [increase] in the assessment rate for a Rate Card Fee at 15 [25]% of the immediately preceding [highest] assessment rate effective during such period, without regard to any temporary credit provided for such Rate Card Fee. [in the previous two annual rate cards.] For so long as the Board's funding policy sets forth, in whole or in part, the Board's rate card process, t[T]he Board's funding policy and any revisions thereto will be published on the Board's website and may be accessed at [msrb.org] https://www.msrb.org/MSRB-Funding-Policy-1.

.02 Calculation of the Prime Rate for Purposes of an Overdue Balance. No change.

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Rule A-13: Underwriting and Transaction Assessments for Brokers, Dealers and Municipal Securities Dealers

(a) Definition of "Primary Offering." No change.

(b) Underwriting Assessments – General Scope. Each broker, dealer and municipal securities dealer shall pay to the Board an underwriting fee as set forth in the [Annual] Rate Card as noted in Supplementary Material .01 for all municipal securities purchased from an issuer by or through such broker, dealer or municipal securities dealer, whether acting as principal or agent, as part of a primary offering; provided that the fee under this section shall not apply to a primary offering of securities if all such securities in the primary offering:

(i) are commercial paper as defined in MSRB Rule G-32(c)(xiii); or

(ii) constitute municipal fund securities.

If a syndicate or similar account has been formed for the purchase of the securities, the underwriting fee shall be paid by the managing underwriter on behalf of each participant in the syndicate or similar account.

(c) Underwriting Assessments – Certain Municipal Fund Securities. No change.

(d) Transaction and Trade Count Assessments.

(i) Transaction Fee on Inter-Dealer Sales. Each broker, dealer and municipal securities dealer shall pay to the Board a fee equal to the amount specified in the [Annual] Rate Card as noted in Supplementary Material .01 of the total par value of inter-dealer municipal securities sales that it reports to the Board under Rule G-14(b), except as provided in subsection (iii) of this section (d). For those inter-dealer transactions reported to the Board by a broker, dealer or municipal securities dealer on behalf of another broker, dealer or municipal securities dealer, the inter-dealer transaction fee shall be paid by the broker, dealer or municipal securities dealer that reported the transaction to the Board. Such broker, dealer or municipal securities dealer may then collect the inter-dealer transaction fee from the broker, dealer or municipal securities dealer on whose behalf the transaction was reported.

(ii) Transaction Fee on Customer Sales. Each broker, dealer and municipal securities dealer shall pay to the Board a fee equal to the amount specified in the [Annual] Rate Card as noted in Supplementary Material .01 of the total par value of sales to customers that it reports to the Board under Rule G-14(b), except as provided in subsection (iii) of this section (d). The customer transaction fee shall be paid by the broker, dealer or municipal securities dealer that effected the sale to the customer.

(iii) Transactions Not Subject to Transaction Fee. No change.

(iv) Trade Count Fee.

(a) Trade Count Fee on Inter-Dealer Sales. Each broker, dealer and municipal securities dealer shall pay to the Board a fee equal to the amount specified in the [Annual] Rate Card as noted in Supplementary Material .01 per transaction for each inter-dealer municipal securities sale that it reports to the Board under Rule G-14(b). For those inter-dealer transactions reported to the Board by a broker, dealer or municipal securities dealer on behalf of another broker, dealer or municipal securities dealer, the trade count fee shall be paid by the broker, dealer or municipal securities dealer that reported the transaction to the Board. Such broker, dealer or municipal securities dealer may then collect the trade count fee from the broker, dealer or municipal securities dealer on whose behalf the transaction was reported.

(b) Trade Count Fee on Customer Sales. Each broker, dealer and municipal securities dealer shall pay to the Board a fee equal to the amount specified in the [Annual] Rate Card as noted in Supplementary Material .01 per transaction for sales to customers that it reports to the Board under Rule G-14(b). The trade count fee shall be paid by the broker, dealer or municipal securities dealer that effected the sale to the customer.

(e) – (g) No change.

Supplementary Material

.01 [Annual] Rate Card Fees.

(a) Subject to any applicable temporary credits established in section (c) of this supplementary material, the [The] following rates of assessment shall be effective as of [October] January 1, 2026:[2.]

(i) Underwriting Assessment. The underwriting assessment described in section (b) of this rule [above] shall be .00297% ($0.0297 per $1,000) of the par value.

(ii) Transaction Assessment. The transaction assessment described in subsections (d)(i) and (d)(ii) of this rule [above] shall be .00107% ($0.0107 per $1,000) of the par value.

(iii) Trade Count Assessment. The trade count assessment described in subsections (d)(iv)(a) and (d)(iv)(b) of this rule [above] shall be $1.10 per transaction.

(b) Any[The] subsequent amendment of these [Annual] Rate Card Fees will be determined pursuant to [through] the Board's [annual] rate card process as [further] described in the Board's funding policy. Any such amendment to Rate Card Fees will [and] be filed with [submitted to] the [Securities and Exchange] Commission pursuant to the provisions of Section 19(b)(1) of the [Securities Exchange] Act [of 1934, as amended]. Rate Card Fees in effect at the end of any period for which they have been established as set forth in this rule shall remain in effect after the lapse of such period until new Rate Card Fees are established and become effective. The [annual] rate card process includes [(i) a maximum cap on targeted revenue that caps an annual increase in the total targeted revenue for a Rate Card Fee at 10% of the highest amount of such targeted revenue in the previous two annual rate cards and (ii)] a maximum cap on assessment rate increases or decreases during the period covered by a particular rate card that caps the maximum change [increase] in the assessment rate for a Rate Card Fee at 15 [25]% of the immediately preceding [highest] assessment rate effective during such period, without regard to any temporary credit provided for such Rate Card Fee. [in the previous two annual rate cards.] For so long as the Board's funding policy sets forth, in whole or in part, the Board's rate card process, t[T]he Board's funding policy and any revisions thereto will be published on the Board's website and may be accessed at [msrb.org]https://www.msrb.org/MSRB-Funding-Policy-1.

(c) For the period from January 1, 2026 through December 31, 2027, the MSRB shall apply a temporary credit of 45% toward the assessments established in section (a) of this supplementary material and will bill such assessments, net of the temporary credit, at the following rates during this period, with the rates of assessments returning to the full rates set forth in section (a) of this supplementary material thereafter:

(i) Net Rate of Underwriting Assessment. The net assessed underwriting assessment described in section (a)(i) of this supplementary material shall be .00163% ($0.0163 per $1,000) of the par value for this period.

(ii) Net Rate of Transaction Assessment. The net assessed transaction assessment described in subsections (a)(ii) of this supplementary material shall be .00059% ($0.0059 per $1,000) of the par value for this period.

(iii) Net Rate of Trade Count Assessment. The net assessed trade count assessment described in subsections (a)(iii) of this supplementary material shall be $0.61 per transaction for this period.

.02 Calculation of the Prime Rate for Purposes of an Overdue Balance. No change.