



# Fiscal Year 2026 Budget

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For the Fiscal Year Beginning October 1, 2025

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Dear Stakeholders,

As MSRB begins a new fiscal year, we wish to recognize 50 years of serving our congressional mandate to protect investors, issuers and the public interest while safeguarding the integrity of the \$4 trillion municipal securities market.

To advance our mission, MSRB's Board approved a budget of \$46.2 million for FY 2026. This represents a decrease of 5.2% or \$2.6 million compared to our FY 2025 budget. MSRB's FY 2026 budget reflects an organizational restructuring and rightsizing of its workforce that took place in FY 2025. We believe that this budget provides the necessary resources for MSRB to focus on its core mission and statutory duties. This includes ongoing work to modernize our rulebook through retrospective rule reviews, completing the modernization of the Electronic Municipal Market Access (EMMA®) website, and ensuring the availability, reliability and cybersecurity of our technology systems and data repository.

In addition, MSRB announced it plans to return to the industry more than \$23 million in surplus operating reserves accumulated over the last two years due to unprecedented market activity levels. MSRB has filed an amended rate card with the Securities and Exchange Commission (SEC) that includes a temporary credit for certain market activity fees over the next two years. This is projected to return MSRB's reserves to target levels. The new rate card will also provide the regulated entities that pay MSRB's fees with greater certainty and stability going forward.

Fiscal stewardship, budget transparency and public accountability remain of paramount importance to MSRB. It's in this spirit that we have maintained an open dialogue with our stakeholders, seeking their feedback and perspectives to inform our initiatives, including the development of our FY 2026 budget and next Strategic Plan. We continue to listen carefully to stakeholder concerns and are taking them into consideration as we position MSRB for the future.

For five decades, MSRB's rules have protected investors and issuers alike by ensuring a fair and orderly market that promotes efficiency, competition and capital formation, while our technology systems and data repository have leveled the playing field by mitigating information asymmetry and promoting market transparency. We are committed to ensuring MSRB's legacy continues to withstand the test of time as we look forward to the next 50 years of serving our congressional mandate and giving America the confidence to invest in our communities.

Sincerely,

*Natasha A. Holiday*  
Natasha A. Holiday, Board Chair

*Mark T. Kim*  
Mark Kim, President & CEO

# Funding Philosophy and Considerations

The development of MSRB’s annual budget is guided by key considerations in service of MSRB’s Vision, Mission and Values. The following funding philosophy and considerations guide the MSRB Board of Directors, its Finance Committee and staff in a sound and disciplined budgeting process.

## Funding the MSRB’s Regulatory Mission and Strategic Goals

MSRB’s highest priority is to fulfill its congressional mandate to protect investors, issuers and the public interest by promoting a fair and efficient market and ensuring access to capital for communities across the country. Guiding the organization is a multi-year strategic plan, which articulates a long-term strategy to deploy the tools of regulation, technology and data in impactful ways that strengthen the municipal securities market and serve the public interest.

## Fiscal Discipline and Responsibility

Strong fiscal discipline, a focus on responsible expense management and reasonable restraint in the growth rate of expenses over time underpin the development of MSRB’s annual budget. Considerations around the broader macroeconomic environment and municipal market are incorporated into MSRB’s budget development process. When determining the resources needed to operate, MSRB considers the expected benefits to stakeholders, including investors, issuers and the public interest in promoting a fair and efficient municipal securities market.

## Financial Transparency

MSRB meets the highest standards for financial transparency. In addition to publicly publishing its annual budget for the past eight years, MSRB makes the following financial information publicly available on its website:

<a href="#"><u>Annual Reports and Audited Financial Statements</u></a>	<a href="#"><u>Sources and Uses of Funding</u></a>	<a href="#"><u>MSRB Assessments and Fees</u></a>	<a href="#"><u>Funding Policy</u></a>	<a href="#"><u>Fine-Sharing Policy</u></a>	<a href="#"><u>Investment Policy</u></a>
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## Reserves Philosophy

MSRB maintains organizational reserves to ensure it has appropriate financial resources to support mission objectives, respond to regulatory requirements and pursue strategic opportunities. More importantly, organizational reserves enable MSRB to be fiscally prepared regardless of economic conditions by maintaining the requisite level of liquidity to fund ongoing operations and to ensure the long-term financial sustainability of the organization. The Board establishes the target reserves level by conducting a detailed and comprehensive analysis of the liquidity needs in four categories intended to align with the Board’s funding policy objectives: working capital, risk reserves, strategic investment reserves and regulatory reserves. The Board reviews and refreshes the target reserves level each year as part of the annual budget process to respond to the organization’s changing risks and needs.

Working capital and risk reserves reflect liquidity needs related to managing day-to-day operations and responding to unexpected negative budget impact events. Together, these two categories equate to the organization's operating reserves target, designed as an operational risk contingency reserve that represents less than half of MSRB's annual expense budget. Strategic investment and regulatory reserves reflect liquidity needs to fund major long-term objectives, initiatives and capital investments beyond the scope of the annual operating budget, as well as unfunded mandates or regulatory and technology initiatives that may reasonably arise. The FY 2026 budget reflects a reduction in both strategic investment reserves and regulatory reserves.

### **Financial Stewardship Through Effective Oversight**

The Board of Directors approves MSRB's annual budget. In addition, the Finance Committee of the Board enhances the organization's financial stewardship by assisting the Board in fulfilling its oversight responsibilities relating to the monitoring of financial performance and the budget process. Both the Board and Finance Committee comprise representatives knowledgeable about the municipal securities market, including public representatives and regulated representatives who provide insight on the potential value to stakeholders from MSRB activities and the potential burdens on regulated entities created by MSRB fees.

The Finance Committee in recent years has focused significant time and effort on monitoring the organization's overall expense trends and strategies, including focusing on key expense areas related to staffing levels and technology expenses.

### **MSRB Budget and Public Engagement**

Providing MSRB's external stakeholders with a meaningful understanding of MSRB's budget, its development process and the considerations that flow into the next annual budget are core to MSRB's commitment to financial transparency and budgeting philosophy.

Prior to adopting the FY 2026 Budget, MSRB held meetings with the membership of trade organizations and representatives of fee-paying firms on the direction of the budget. Ongoing stakeholder engagement and feedback directly informs the development of MSRB's annual budget and the information and discussion provided in this FY 2026 Public Budget Report. Continued engagement on this topic is important to MSRB and its commitment to transparency.

# FY 2026 Annual Budget

Budget summaries reflect management’s internal reporting framework and differ from U.S. generally accepted accounting principles (GAAP). Annual budgets are subject to change during the year as circumstances arise.

	FY 2026 Budget	FY 2025 Budget
Operating Expenses*	\$44,303,000	\$45,869,000
Capital Expenditures	1,937,000	2,920,000
<b>Total Annual Budget Expenses</b>	<b>\$46,240,000</b>	<b>\$48,789,000</b>
Rate Card Fee Revenue	\$26,199,150	\$42,103,200
Other Revenue	7,527,350	7,453,000
<b>Total Annual Budget Revenues</b>	<b>\$33,726,500</b>	<b>\$49,556,200</b>
<b>Systems Modernization Initiative (Funded from Board Designated Systems Modernization Fund)</b>	<b>\$0</b>	<b>\$1,530,000</b>

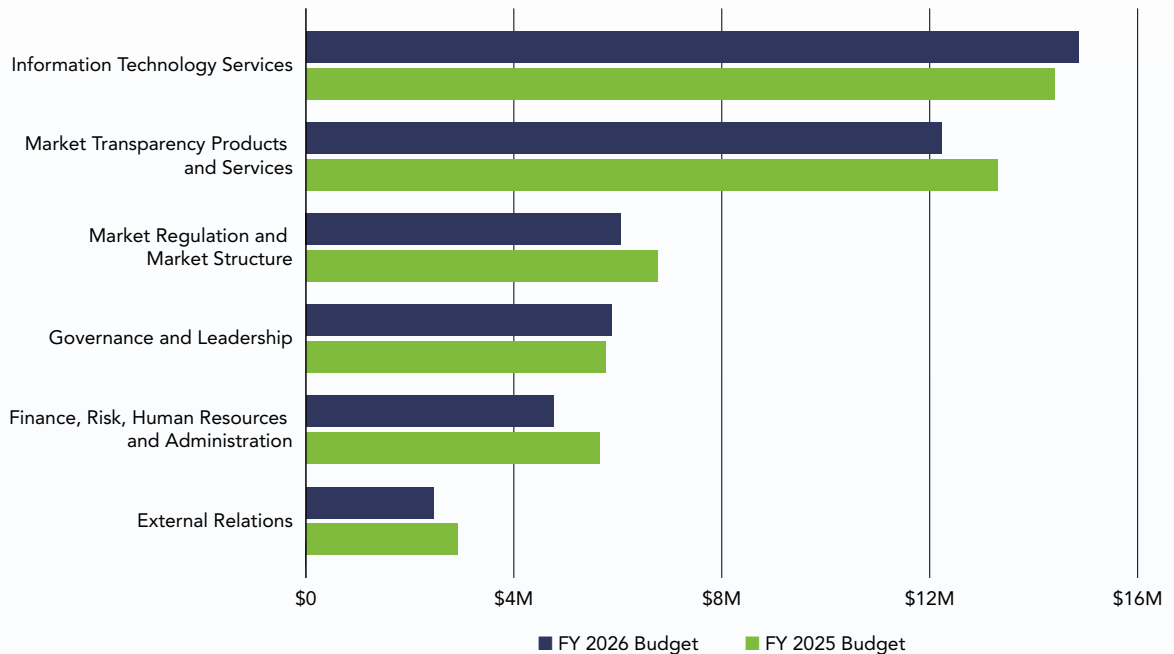
\*Operating expenses exclude material non-cash expenses, including depreciation, and differ from U.S. generally accepted accounting principles (GAAP).

## Expense Summary

Expenses by Activity	FY 2026 Budget	FY 2025 Budget*
Information Technology Services	\$14,862,000	\$14,402,000
Market Transparency Products and Services	12,224,000	13,298,000
Market Regulation and Market Structure	6,060,000	6,771,000
Governance and Leadership	5,874,000	5,757,000
Finance, Risk, Human Resources and Administration	4,767,000	5,650,000
External Relations	2,453,000	2,911,000
<b>Total Annual Budget Expenses</b>	<b>\$46,240,000</b>	<b>\$48,789,000</b>

\*FY 2025 Budget restated to reflect changes in expense allocation between Information Technology Services and Market Transparency Products and Services to conform to FY 2026 Budget presentation.

### FY 2026 VS FY 2025 BUDGETED EXPENSES BY ACTIVITY



### Information Technology Services

The Information Technology Services team operates, maintains and enhances MSRB's technology infrastructure, ensuring secure and resilient systems for both the market and MSRB internal systems.

### Market Transparency Products and Services

The Market Transparency Products and Services team develops, builds and maintains mission-driven market transparency and regulatory products that provide access to municipal market data and value-added services for all market participants and the public with the goal of promoting market intelligence, transparency, and efficiency.

### Market Regulation and Market Structure

The Market Regulation team works to maintain a prudent and practical regulatory framework for the municipal market through rulemaking, regulatory coordination and enforcement support, and professional qualifications of municipal market professionals.

The Market Structure group provides research, economic analysis and expertise to inform MSRB regulatory and other activities and to assist market participants, policymakers and the public in developing a deeper understanding of the municipal securities market.

### Governance and Leadership

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

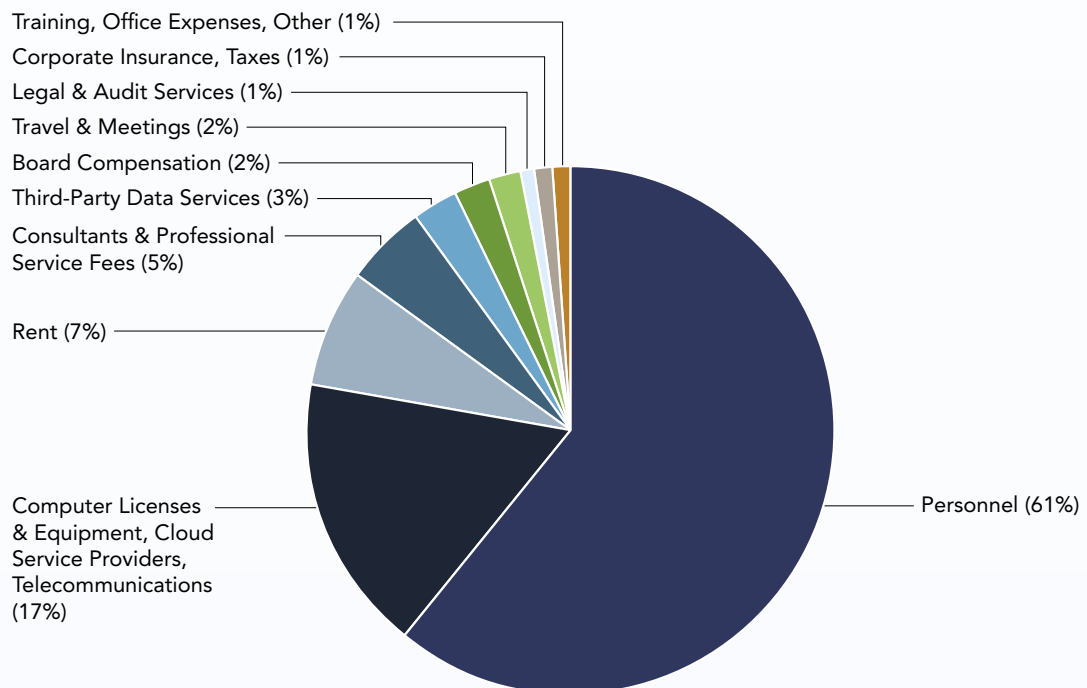
### Finance, Risk, Human Resources and Administration

The Finance, Risk, Human Resources and Administration teams provide essential internal functions, including financial operations and transparency, effective internal controls and risk management, staff recruitment and professional development, and a safe and well-equipped work environment.

### External Relations

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

#### FY 2026 EXPENSE BUDGET BY CATEGORY

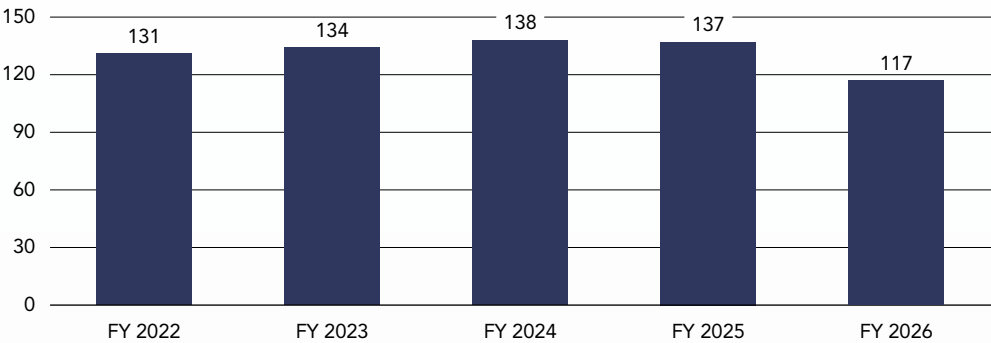




Staffing (Head Count)

MSRB’s largest expense area is personnel, accounting for 61% of the total budget for FY 2026. Staff are MSRB’s most important resource, and we have managed this expense area by conducting a strategic evaluation of our workforce and reducing budgeted headcount by 15%.

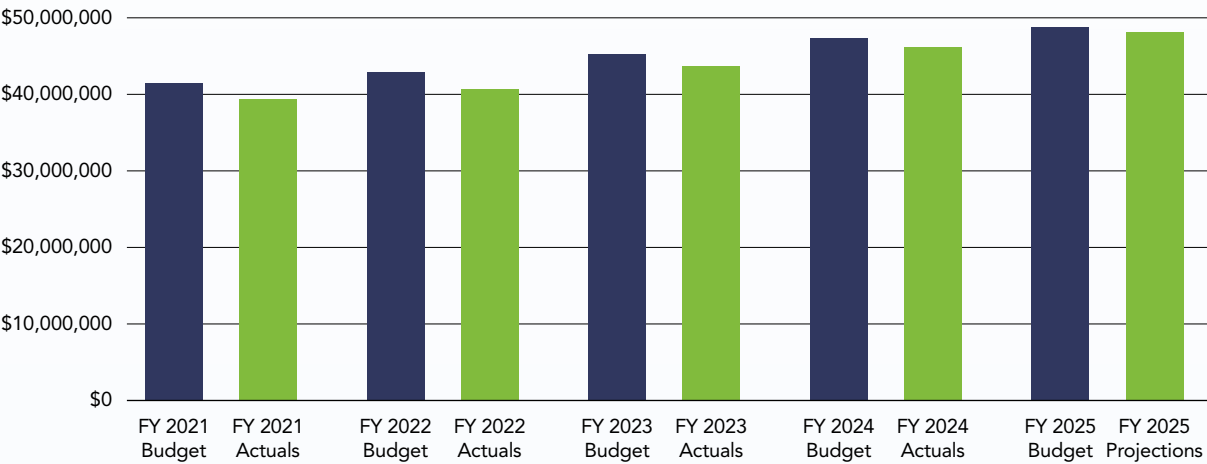
BUDGETED HEADCOUNT



Expenses—Historical Trend

MSRB’s primary budget philosophy is fiscal discipline and responsibility. The FY 2026 budget represents a 5.2% decrease from the previous year. MSRB’s five-year actual compounded annual growth rate in expenses from FY 2021 to FY 2025 is projected to be 5.1%.

HISTORICAL BUDGET VS ACTUAL EXPENSE\*



\*Historical budget and actual expense have been adjusted to conform to current budget presentation for comparability. Operating expenses exclude material non-cash expenses, including depreciation, and differ from U.S. generally accepted accounting principles (GAAP).

## Revenue Summary

MSRB's revenues are generated primarily from fees assessed on regulated entities. MSRB seeks to establish fees that are fair and reasonable, as well as maintain organizational reserves that are appropriately designed to provide financial stability and ensure business continuity. The majority of revenue is generated by industry fees assessed on primary and secondary market activity including underwriting and trading activity. The remaining revenue is primarily generated by fees on municipal advisory professionals, firm registration fees, and data fees.

Annual Budget Revenues	FY 2026 Budget	FY 2025 Budget
Market Activity Fees*	\$23,035,150	\$39,177,600
Municipal Advisor Professional Fees	3,164,000	2,925,600
Data Subscriber Fees	2,548,000	2,450,000
529 Plan Underwriting Fees	1,603,350	1,527,000
Annual & Initial Fees	1,366,000	1,366,000
Investment Income	1,100,000	1,200,000
Rule Violation Fine Revenue	500,000	500,000
Other Revenue	410,000	410,000
<b>Total Revenue</b>	<b>\$33,726,500</b>	<b>\$49,556,200</b>

\*Includes Underwriting, Transaction and Trade Count Fees

### FY 2026 Market Activity Fees

For FY 2026, MSRB used a five-year historical average to project market activity volume and will continue to assess fees at rates established in 2023 through the end of calendar year 2025. Pending approval by the Securities and Exchange Commission (SEC), new market activity fee rates will be in effect beginning January 1, 2026. These new, lower market activity fees are designed to allow MSRB to reduce excess organizational reserves.

Current Rates	Basis	2025 Fee Rate	2026 Fee Rate*
Underwriting Fee	Per \$1,000 Par Underwritten	\$0.0297	\$0.0163
Transaction Fee	Per \$1,000 Par Transacted	\$0.0107	\$0.0059
Trade Count Fee	Per Trade	\$1.10	\$0.61

\*Pending SEC approval

FY 2026 Market Volume Assumptions	
Bond Volume (Underwriting Fee)	\$474 Billion Par Underwritten
Trade Par (Transaction Fee)	\$1.64 Trillion Par Transacted
Number of Trades (Trade Count Fee)	9.2 Million Trades

### SPOTLIGHT ON MSRB'S MULTI-YEAR RATE CARD

MSRB is transitioning from an annual to a multi-year rate card for certain fees. This enhancement to the rate card comes after significant stakeholder feedback regarding the annual rate-setting model. A multi-year model addresses stakeholder's requests to have greater transparency, stability, and certainty in fees for the industry.

The rate card sets rates for market activity fees (underwriting, transaction, trade count) and municipal advisor professional fees. The proposed rate card covers four years (2026 through 2029).

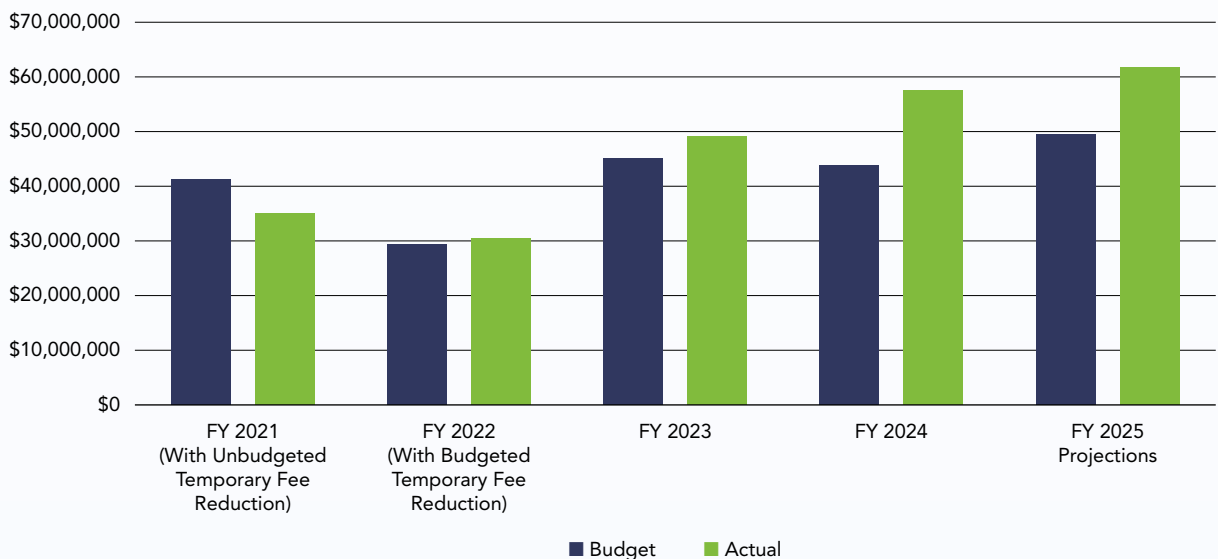
#### Highlights:

- No increase to market activity fees over the four-year period
- A proposed 45% credit for all market activity fees in 2026 and 2027 to return surplus reserves of more than \$20 million to the industry
- Maintain previous contribution rates for MA professional fee through an approximately 6% annual rate increase
- A lower reserves target of approximately \$30 million

### Revenues—Historical Trend

Historically high market activity in recent years has generated higher than budgeted revenue in 2023, 2024 and 2025. The impacts of market activity trends on MSRB revenue have been further amplified since MSRB paused annual rate setting to engage with the industry on a retrospective review of the annual rate card model. In 2026, pending SEC approval, MSRB will significantly reduce market activity fee rates in order to return excess revenue collected from market activity fees over the past several years, which is now sitting in MSRB's organizational reserves.

#### HISTORICAL BUDGET VS ACTUAL REVENUE

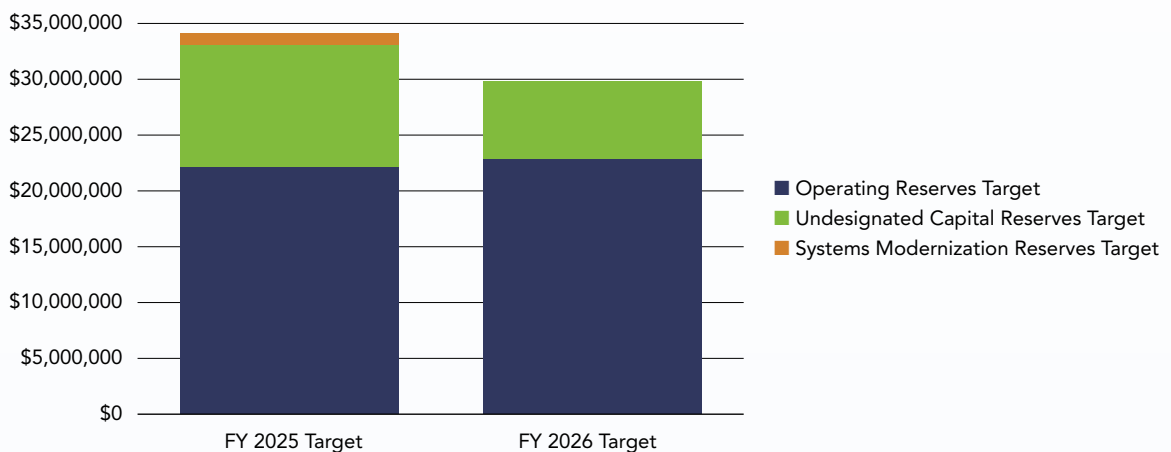


## Reserves Summary

MSRB maintains organizational reserves to provide financial stability and ensure business continuity in furtherance of its statutorily required activities. MSRB aims to maintain reserves at or near a target level—approximately \$30 million for FY 2026. The Operating Reserves Target reflects liquidity needs related to managing day-to-day operations and responding to unexpected negative budget impact events and is designed as an operational risk contingency reserve. The Undesignated Capital Reserves Target reflects liquidity needs to fund major long-term objectives, initiatives and capital investments beyond the scope of the annual operating budget, as well as unfunded mandates or regulatory and technology initiatives that may reasonably arise. Following an evaluation of its anticipated strategic direction for the next several years, MSRB significantly reduced the Undesignated Capital Reserves Target for FY 2026.

The following graph illustrates the components that make up MSRB's reserve target for FY 2026 compared to FY 2025.

**FY 2025 VS FY 2026 ORGANIZATIONAL RESERVES TARGET**

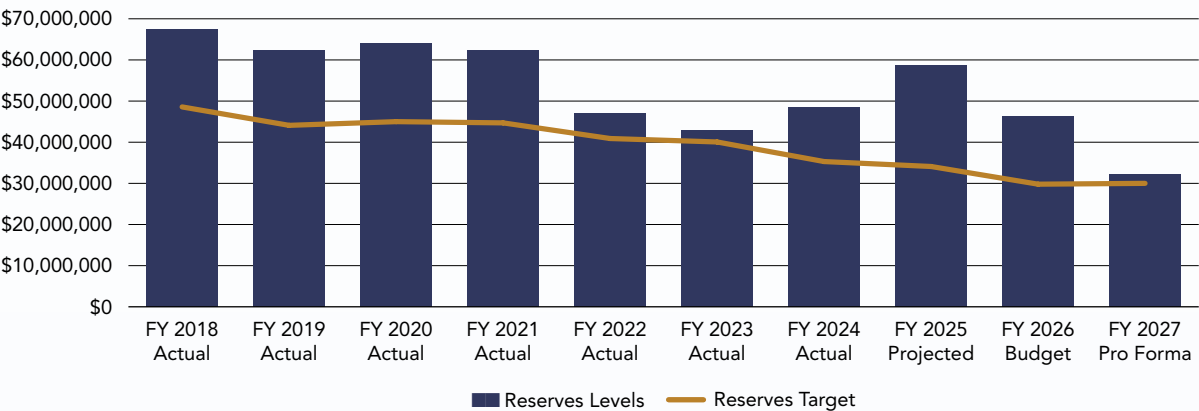


### Reserves—Historical Trend

In recent years, MSRB has made significant changes related to reserves, both by lowering the targeted level of reserves the organization aims to maintain and in its approach to managing actual reserves balances at those target levels. In 2022, MSRB established an annual rate card process for certain fees allowing MSRB to manage reserves more effectively and avoid the buildup of excess reserves above target by returning that excess in the form of lower fees. In 2024, stakeholders expressed concern over the volatility of fees the annual rate card model created as a byproduct of managing reserves, further expressing the desire for more stability in fees over time. In 2025, MSRB engaged in a retrospective review of the rate card process and established a new multi-year rate card to address stakeholder concerns.

Historically high market activity in 2023, 2024 and 2025 generated additional revenue for MSRB and, along with the pause in adjusting market activity fee rates in 2024 and 2025, significantly contributed to the growth of reserves above target over the last two years. Pending SEC approval, MSRB will significantly reduce market activity fee rates in 2026 and 2027 to reduce reserves to target over the next two years.

### HISTORICAL RESERVES LEVELS



## Breaking Down MSRB Technology Expenses

Technology is fundamental to MSRB's mission and its strategic goal of promoting market transparency, and it is a significant expense driver for MSRB. Operating, securing and providing a reliable and resilient technology environment is a primary cost driver for the organization. Technology enables MSRB to develop, maintain and deliver value-added market data and regulatory products and services that provide transparency into the municipal securities market for all market participants, including America's investors. These products and services are delivered primarily through the EMMA website, the official source for municipal securities data and disclosure documents. Beginning in 2024, MSRB reorganized its technology area into two distinct categories: Information Technology Services and Market Transparency Products and Services. These are two functional areas in the organization aligned to better deliver and communicate the value of MSRB technology.

This section will provide a breakdown of how the technology-related expenses will be employed in FY 2026.

### Information Technology Services

The security, availability and resiliency of all MSRB technology is critical for an efficient and effective market. This technology includes the EMMA website, market transparency subscription services, supporting systems and underlying technology infrastructure. Expenses incurred in the Information Technology Services department support the day-to-day operations and infrastructure of MSRB's technology environment to keep MSRB systems running every day.

Expenses are presented functionally to provide a greater understanding of how dollars are spent on activities like cybersecurity, technology operations and expenses for cloud computing resources provided by third-party cloud services providers. As the volume of market data and information submitted to MSRB continues to grow each day, so do the costs to store, secure and make this data transparent to the public. MSRB continually strives to effectively manage the growth of these expenses. This presentation and breakout of expenses is important in providing MSRB stakeholders with a deeper understanding of its technology expense drivers. Information Technology Service expenses provide operational capability to all MSRB systems and cannot be readily categorized into individual system components.

### Technology Operations

In 2026, MSRB expects to spend \$7.8 million on the people, software, and services that operate and maintain MSRB market transparency systems, which include trade reporting, disclosure submissions, and other underlying data that are made available 24/7 through EMMA and related subscription services, as well as the systems that provide data and information to examiners and other market regulators. Technology Operations represents the largest area of expense growth in Information Technology Services for FY 2026 as MSRB faces continuing cost pressures from third-party vendors.

### Cybersecurity

Cybersecurity is a fundamental activity of Information Technology Services. An allocation of \$2.4 million has been made in FY 2026 to provide staff and the essential tools and services to secure the internal and external MSRB technology footprint. Cybersecurity represents the second largest area of expense growth in Information Technology Services for FY 2026 as MSRB continues to invest in securing and protecting market systems in an increasingly complex and rapidly evolving information security landscape.

### Cloud Computing

The expenses reflected in this category relate to operating MSRB technology systems in the cloud. This includes MSRB transaction reporting systems, disclosure submission systems, market transparency systems and supporting services. MSRB uses cloud computing to leverage capacity, resiliency, availability and innovation services not previously available in its self-managed data centers. MSRB expects to spend \$1.4 million on cloud computing for its production systems in FY 2026.

### Enterprise Technology

These expenses are related to operating and delivering internally focused IT solutions and services to MSRB staff. Examples include laptops, corporate software tools, telecommunications and internal helpdesk services. In FY 2026, MSRB has budgeted \$1.4 million for these services and activities.

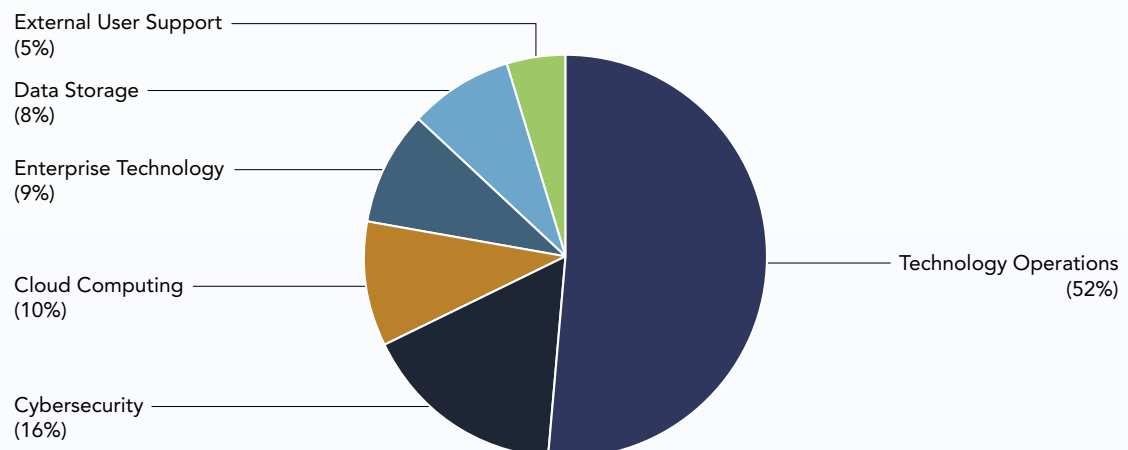
### Data Storage

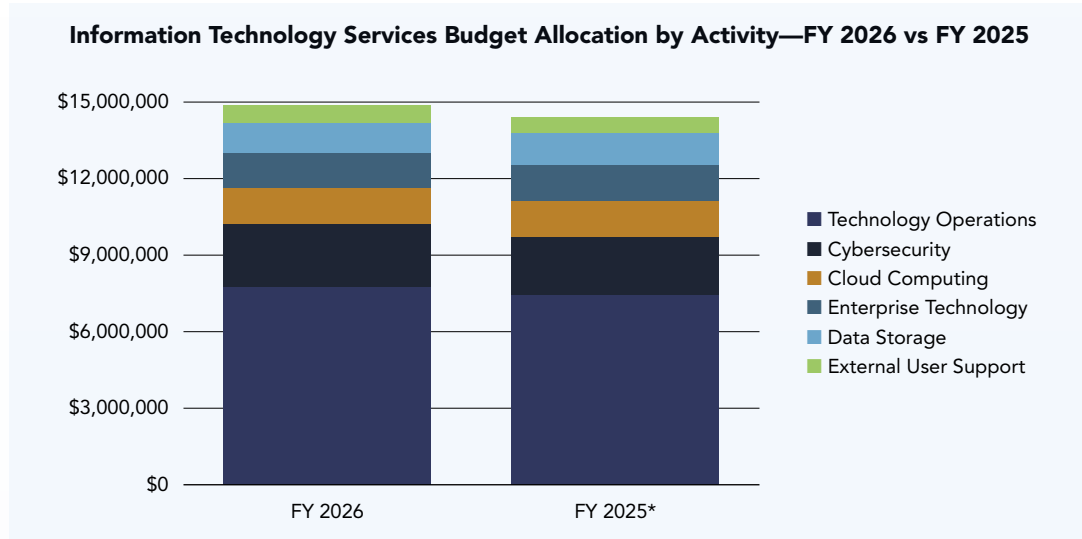
The cost of collecting and storing data collected or generated through MSRB systems is a discrete cost identifiable in a cloud computing environment. MSRB is the data repository for municipal market trade and disclosure information. Data storage accounts for \$1.2 million of MSRB's FY 2026 annual budget.

### External User Support

Providing support to the users of EMMA and its related systems is quantified in this category. These expenses include the operations of call center activities and fulfillment of external user support requests. These expenses are projected to be \$700,000 in FY 2026.

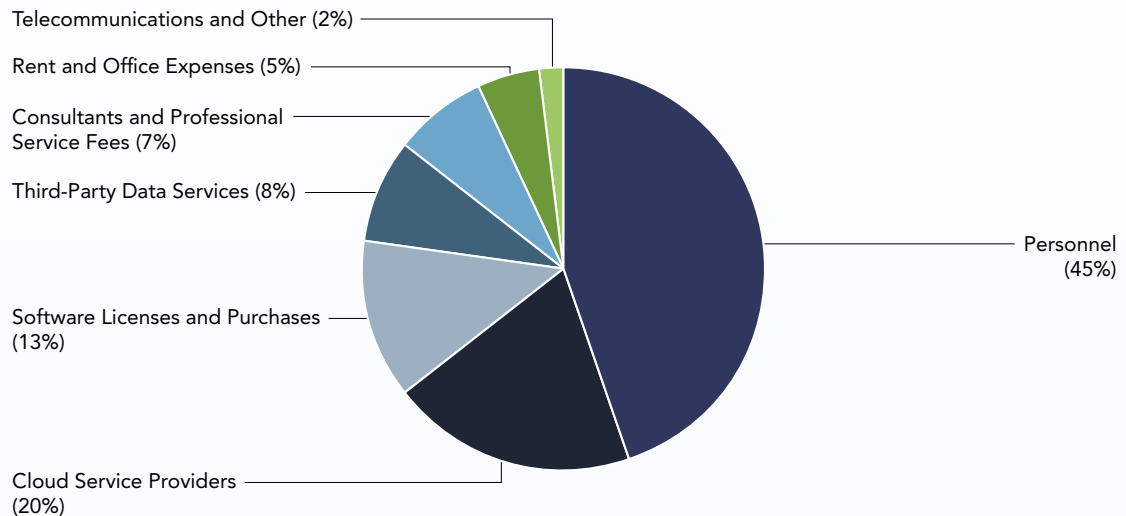
### FY 2026 INFORMATION TECHNOLOGY SERVICES BUDGET ALLOCATION BY ACTIVITY





\*FY 2025 Budget restated to reflect changes in expense allocation between Information Technology Services and Market Transparency Products and Services to conform to FY 2026 Budget presentation.

#### FY 2026 INFORMATION TECHNOLOGY SERVICES BUDGET ALLOCATION BY CATEGORY



#### Market Transparency Products and Services

The Market Transparency Products and Services department works to meet the municipal securities market data and transparency needs of market participants and the public. This is achieved by building and maintaining the products, services and data that provide a meaningful user experience while keeping current systems up to date with constantly evolving technology. For the past several years, this department has been engaged in a comprehensive initiative to modernize MSRB's market transparency systems, augmented by additional resources from the designation of organizational reserves. As this initiative concludes in 2026, the Market Transparency Products and Services department has been right-sized for the future, resulting in an 8% budget reduction for FY 2026.



There are three core product areas: Data Repository, Market Transparency and Regulatory Support. Most of the expenses budgeted are allocated towards staff maintaining and enhancing market transparency products and services.

### Data Repository

MSRB is designated as the official repository of municipal securities disclosure data. The data repository product line is a group of services to collect, organize and prepare high quality market data that enable the timely access of market information to all market participants and the public. Data collected include dealer and municipal advisor registration, primary market and continuing disclosures, transaction reporting, variable rate changes and information from other market data sources. In FY 2026, \$4.8 million is budgeted for this product area.

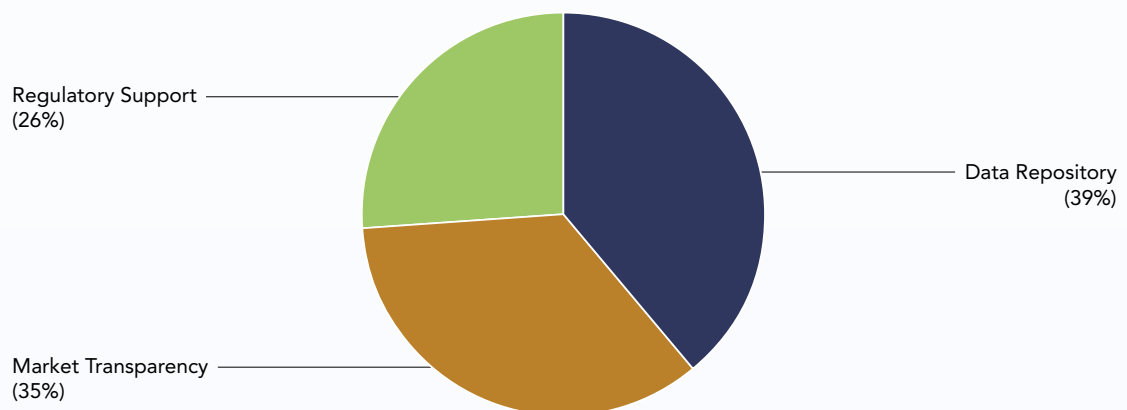
### Market Transparency

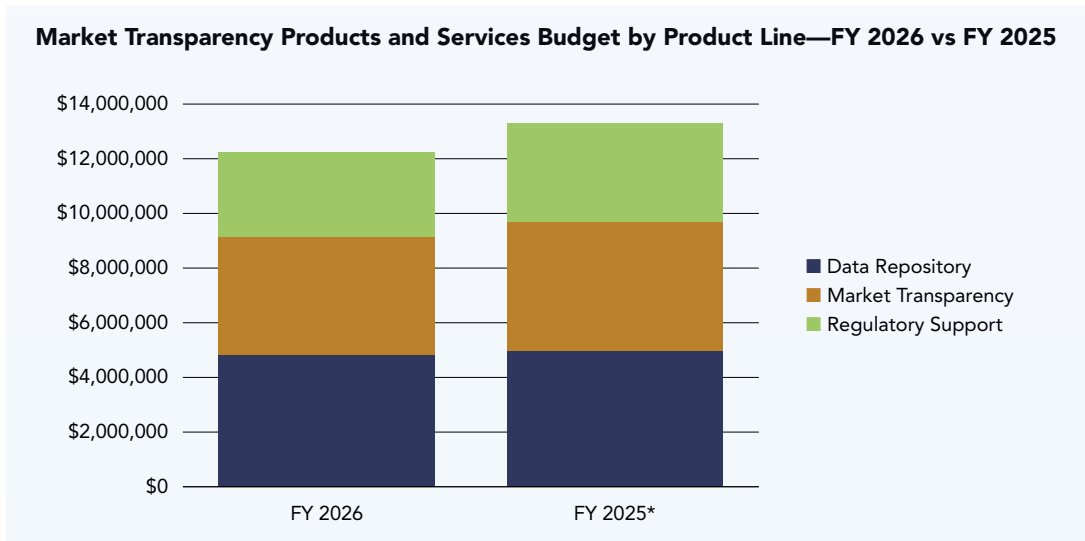
MSRB fulfills its market transparency mandate by providing access to market data through the EMMA website to all market participants and the public for free. This team works to update, maintain and enhance the EMMA public website and information offering that public users will interact with. This includes trade data, short-term and variable rate market data, primary market offering data, secondary market data, continuing disclosure data, ratings data and other market information tools and datasets. MSRB's market transparency products also provide and support the subscription services that disseminate data to market participants for incorporation into their operational workflows. In FY 2026, \$4.3 million is budgeted for this product area.

### Regulatory Support

Key to MSRB's work is supporting other regulators in their surveillance, examination and enforcement responsibilities. A primary means of supporting this work is by providing access to market information and data that is otherwise not available through EMMA directly to regulators. Regulatory support products encompass information derived from all underlying MSRB data sources and systems. Additionally, this product includes reporting services that enable dealers to monitor their trade reporting compliance. In FY 2026, the Regulatory Support product group has an allocated budget of \$3.1 million to support the continued enhancement and maintenance of these systems while addressing regulatory product user requests.

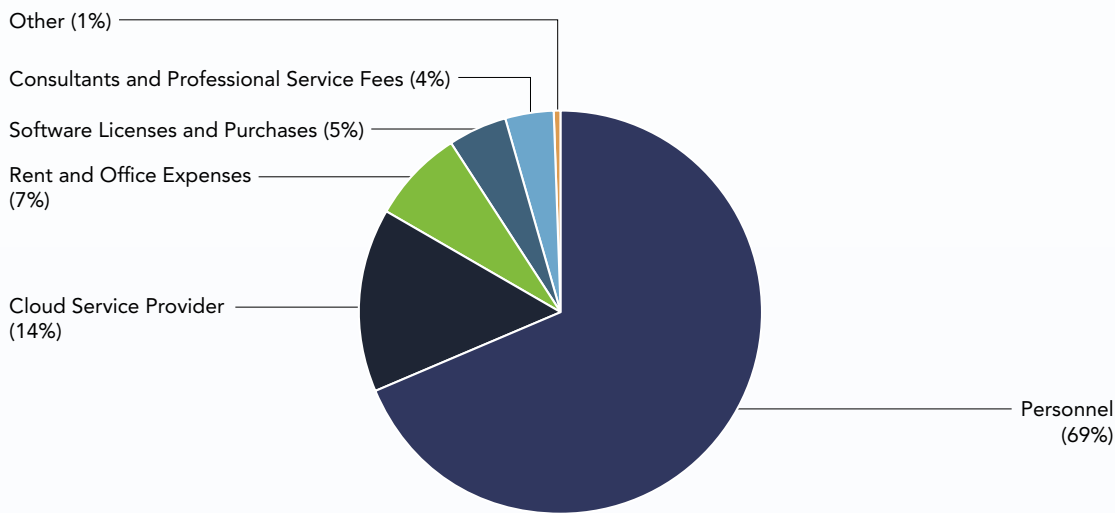
#### FY 2026 MARKET TRANSPARENCY PRODUCTS AND SERVICES BUDGET BY PRODUCT LINE





\*FY 2025 Budget restated to reflect changes in expense allocation between Information Technology Services and Market Transparency Products and Services to conform to FY 2026 Budget presentation.

**FY 2026 MARKET TRANSPARENCY PRODUCTS AND SERVICES BUDGET BY CATEGORY**



## ABOUT MSRB

The Municipal Securities Rulemaking Board (MSRB) was established by Congress in 1975 with the mission to protect investors, issuers and the public interest and to promote efficiency, competition and capital formation. MSRB is a private, self-regulatory organization governed by an independent board of directors with market knowledge and expertise. MSRB does not receive federal appropriations and is funded primarily through fees paid by regulated entities. MSRB is overseen by Congress and the Securities and Exchange Commission.



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