

only one method. The Commission will post all comments on the Commission's internet website (<https://www.sec.gov/rules/sro.shtml>). Copies of the filing will be available for inspection and copying at the principal office of the Exchange. 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-CboeBYX-2025-036 and should be submitted on or before January 20, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³⁰

Sherry R. Haywood,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-104477; File No. SR-MSRB-2025-02]

Self-Regulatory Organizations; Municipal Securities Rulemaking Board; Order Granting Approval 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

December 19, 2025.

I. Introduction

On September 30, 2025, the Municipal Securities Rulemaking Board ("MSRB") filed with the Securities and Exchange Commission ("SEC" or "Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act" or "Exchange Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to (i) amend MSRB Rule A-11, on assessments for municipal advisor professionals ("Rule A-11"), to establish new rates of certain assessments on municipal advisors pursuant to a multi-year rate card, (ii) amend MSRB 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 brokers, dealers, and municipal securities dealers (collectively, "dealers" and, together with municipal advisors, "regulated

entities") pursuant to a multi-year rate card, and (iii) make certain related technical amendments to Rules A-11 and A-13 (collectively, the "proposed rule change").³

The MSRB requested 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.⁴

The proposed rule change was published for comment in the **Federal Register** on October 3, 2025.⁵ The Commission received four comment letters⁶ on the proposed rule change. Pursuant to a notice published in the **Federal Register** on November 17, 2025, the date by which the Commission shall either approve or disapprove, or institute proceedings to determine whether to disapprove, the proposed rule change was extended from November 17, 2025, to January 1, 2026.⁷ On December 2, 2025, the MSRB responded to the comment letters.⁸ As described further below, the Commission is approving the proposed rule change with an effective date of January 1, 2026.

II. Description of the Proposed Rule Change

A. Background

The MSRB established its annual rate card model in 2022.⁹ Pursuant to the annual rate card model, in November

³ See Exchange Act Release No. 104154 (Sept. 30, 2025), 90 FR 48082 (Oct. 3, 2025) (File No. SR-MSRB-2025-02) ("Notice").

⁴ See Notice, 90 FR at 48082.

⁵ See *id.*

⁶ See Letter from Leslie M. Norwood, Managing Director and Associate General Counsel, Securities Industry and Financial Markets Association, dated October 24, 2025 ("SIFMA Letter"); Letter from Susan Gaffney, Executive Director, National Association of Municipal Advisors, dated October 24, 2025 ("NAMA Letter"); Letter from Michael Decker, Senior Vice President, Bond Dealers of America, dated October 24, 2025 ("BDA Letter"); and Letter from Robert Laorno, General Counsel, ICE Bonds Securities Corporation, dated October 24, 2025 ("ICE Bonds Letter").

⁷ See Exchange Act Release No. 104173 (Nov. 3, 2025), 90 FR 51424, 51424-25 (Nov. 17, 2025) (File No. SR-MSRB-2025-02).

⁸ See Letter to Secretary, Commission, from Ernesto A. Lanza, Chief Regulatory and Policy Officer, MSRB, dated December 2, 2025 ("MSRB Letter").

⁹ See Exchange Act Release No. 95417 (Aug. 3, 2022), 87 FR 48530 (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. See Notice, 90 FR at 48083, note 4.

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").¹⁰ Five comment letters were submitted to the Commission in response to the 2024 Rate Card Proposal, all of which highlighted concerns, among others, related to the MSRB's rate setting processes and the volatility and unpredictability of rates under the annual rate card model.¹¹ On January 29, 2024, the Commission temporarily suspended and instituted proceedings to determine whether to approve or disapprove the 2024 Rate Card Proposal.¹² The MSRB then withdrew the 2024 Rate Card Proposal on February 16, 2024.¹³

Since withdrawing the 2024 Rate Card Proposal, the MSRB has reported that it has held outreach meetings with industry groups representing regulated entities and other stakeholders to discuss the MSRB's budget and rate card process.¹⁴ The MSRB also 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.¹⁵ The MSRB received comments in response to the RFI, focusing on, among other matters, the volatility and unpredictability of the annual rate card model and strategies for management of reserve levels.¹⁶ The MSRB subsequently revised its funding policy, effective October 1, 2025 ("Revised Funding Policy"), to replace its annual rate setting process with a new multi-year rate setting process (the "Multi-Year Rate Card Process").¹⁷

¹⁰ See Exchange Act Release No. 99096 (Dec. 6, 2023), 88 FR 86188 (Dec. 12, 2023) (File No. SR-MSRB-2023-06).

¹¹ All comment letters received in connection with 2024 Rate Card Proposal, and the MSRB's response thereto, are available at <https://www.sec.gov/comments/sr-msrb-2023-06/srmsrb202306.htm>.

¹² See Exchange Act Release No. 99444 (Jan. 29, 2024), 89 FR 7424 (Feb. 2, 2024) (File No. SR-MSRB-2023-06).

¹³ See Exchange Act Release No. 99577 (Feb. 21, 2024), 89 FR 14552 (Feb. 27, 2024) (File No. SR-MSRB-2023-06).

¹⁴ See Notice, 90 FR at 48083, note 10.

¹⁵ 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>. See also Notice, 90 FR at 48083.

¹⁶ All comment letters received in response to the RFI are available at <https://www.msrb.org/sites/default/files/2025-02/All-Comments-to-Notice-2024-14.pdf>.

¹⁷ The Revised Funding Policy is available at <https://www.msrb.org/MSRB-Funding-Policy-1>. The prior Funding Policy is available at <https://www.msrb.org/MSRB-Funding-Policy-1>.

³⁰ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

According to the MSRB, this Multi-Year Rate Card Process, the MSRB's fiscal year 2026 budget, and the proposed rule change were developed after considering the RFI responses and feedback received from the MSRB's outreach to stakeholders.¹⁸

B. Summary of the Proposed Rule Change

As discussed below and in the Notice, the proposed rule change would amend Rules A-11 and A-13 to establish new rates of certain assessments on municipal advisors under Rule A-11 and dealers under Rule A-13 pursuant to the new Multi-Year Rate Card Process, as well as to make certain related technical amendments.¹⁹ Rule A-11 currently requires municipal advisors to pay to the MSRB a recurring annual fee (the "Municipal Advisor Professional Fee") 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"). 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, (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," and together with the Municipal Advisor Professional Fee, the "Rate Card Fees").

Proposed Multi-Year 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").²⁰ The Municipal Advisor Professional Fee included in the proposed 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 proposed Rate Card Fees would be operative from January 1, 2026 until December 31, 2029.²¹ The proposed rule change would also require that any subsequent multi-year rate cards 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>.²²

Additionally, the proposed rule change would establish credits ("Temporary Credits") of 45% applied to Market Activity Fees in 2026 and 2027, which would result in a reduction in the amounts to be assessed to and paid by dealers for Market Activity Fees during such years.²³ The following table sets forth (a) the Rate Card Fees currently in effect under Rules A-11 and A-13, and (b) the Rate Card Fees that the MSRB would establish under its proposed Multi-Year Rate Card, together with the net rates of assessment proposed for each year (taking into account the Temporary Credits):²⁴

	Assessment/credit basis	Current	2026	2027	2028	2029
Underwriting Fee	Per \$1,000 Par Underwritten	\$0.0297	\$0.0297	\$0.0297	\$0.0297	\$0.0297
	45% Temporary Credit	N/A (0.0134)	(0.0134)	0	0	0
	Net Rate of Assessment	0.0297	0.0163	0.0163	0.0297	0.0297
Transaction Fee	Per \$1,000 Par Transacted	0.0107	0.0107	0.0107	0.0107	0.0107
	45% Temporary Credit	N/A (0.0048)	(0.0048)	0	0	0
	Net Rate of Assessment	0.0107	0.0059	0.0059	0.0107	0.0107
Trade Count Fee	Per Trade	1.10	1.10	1.10	1.10	1.10
	45% Temporary Credit	N/A (0.49)	(0.49)	0	0	0
	Net Rate of Assessment	1.10	0.61	0.61	1.10	1.10
Municipal Advisor Professional Fee ..	Per Covered Professional	* 1,060	1,130	1,200	1,270	1,340

* The Municipal Advisor Professional Fee provided under Supplementary Material .01 of MSRB Rule A-11 is currently \$1,060 per covered professional. Exhibit 5 of the MSRB's Rule 19b-4 filing for the proposed rule change erroneously shows the current rate as \$1,160 per covered professional.

web.archive.org/web/20250715224839/https://www.msrb.org/MSRB-Funding-Policy-0.

¹⁸ See Notice, 90 FR at 48083.

¹⁹ See Notice, 90 FR at 48082-85. 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. See Notice, 90 FR at 48082, note 3.

²⁰ See Notice, 90 FR at 48083-84. 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. See Notice, 90 FR at 48084, note 14. 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. See *id.*

²¹ See Notice, 90 FR at 48084.

²² See *id.* As noted above, the Revised Funding Policy became effective as of October 1, 2025. Any future revisions to the Revised Funding Policy 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>. See Notice, 90 FR at 48084, note 17. 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. See *id.* 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 ongoing 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. See *id.*

²³ See Notice, 90 FR at 48084. 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. See Notice, 90 FR at 48084, note 19. The Temporary Credits included in this proposed rule change would not apply to the Municipal Advisor Professional Fee. See Notice, 90 FR at 48084. 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 Notice, 90 FR at 48086, note 40.

²⁴ See Notice, 90 FR at 48084. 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. See Notice, 90 FR at 48084, note 20.

Multi-Year Rate Card Process

As part of the new Multi-Year Rate Card Process, the proposed rule change would also establish a maximum annual increase or decrease in any baseline Rate Card Fee of 15% (the “Annual Rate Change Limit”) within a multi-year rate card period (as compared to the annual 25% cap on increases and no cap on decreases that are currently in effect),²⁵ subject to potential Temporary Credits.²⁶

The MSRB states that under the Rate Card Fees proposed in the 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.²⁷ The MSRB further notes that 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.²⁸

Related Technical Amendments

The proposed rule change would include certain technical language changes. For example, 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.²⁹ The proposed rule change language would also refer to the rates that would be in effect (including any net rates due to Temporary Credits, as applicable) for

²⁵ See Notice, 90 FR at 48084. 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 Notice, 90 FR at 48084, note 23.

²⁶ See Notice, 90 FR at 48084. The Revised Funding Policy allows the MSRB to elect to utilize one or more Temporary Credits within the proposed Multi-Year Rate Card or in a future multi-year rate card. See Notice, 90 FR at 48085 (citing Revised Funding Policy, *supra* note 17, at “Organizational Reserves” and “Multi-Year Rate Card”). If Temporary Credits are applied to a baseline Rate Card Fee, the Annual Rate Change Limit may be exceeded. *See id.* For example, the proposed rule change includes Temporary Credits during the first two years which result in the net rates 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. *See id.*

²⁷ See Notice, 90 FR at 48084–85.

²⁸ See Notice, 90 FR at 48085.

²⁹ *See id.* 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). See Notice, 90 FR at 48085, note 32.

each year within the course of the proposed Multi-Year Rate Card.³⁰

III. Summary of Comments Received and the MSRB’s Response

The Commission received four comment letters³¹ on the proposed rule change, as well as a response³² from the MSRB to the comment letters. Three commenters expressed support for the proposed rule change,³³ one commenter stated that it did not oppose the proposed rule change,³⁴ and no commenters objected to the proposed rule change.

One commenter expressed support for the proposed shift to a multi-year rate card, opining that it will improve the stability and predictability of rate card fees for regulated entities.³⁵ That commenter also stated that the MSRB should consider adopting an alternative fee structure applicable to municipal dealer operators of alternative trading systems.³⁶ In its response letter, the MSRB stated that it would engage in dialogue with stakeholders regarding potential alternative fee mechanisms for certain market participants.³⁷

One commenter expressed support for the proposed shift to a multi-year rate card but stated that it believes that a four-year fee window is probably too long to accurately predict market trends in issuance and trade volume as well as demands on MSRB resources, and a two-year window may be more appropriate.³⁸ The commenter also stated that the fees paid by municipal advisors are too small as a percentage of the MSRB’s revenue, and a market-activity based fee for municipal advisors would be appropriate.³⁹ The commenter also requested that the MSRB adopt a formalized process to periodically review its revenue throughout the proposed four-year fee-setting window.⁴⁰ In its response letter, the

³⁰ See Notice, 90 FR at 48085. 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. See Notice, 90 FR at 48085, note 33. The net rate of assessment of the Market Activity Fees for the first two years would be listed in Supplementary Material .01(c)(i)–(iii). *See id.*

³¹ See SIFMA Letter; NAMA Letter; BDA Letter; ICE Bonds Letter.

³² See MSRB Letter.

³³ See SIFMA Letter; BDA Letter; ICE Bonds Letter.

³⁴ See NAMA Letter.

³⁵ See ICE Letter at 1.

³⁶ See ICE Letter at 1–2.

³⁷ See MSRB Letter at 3.

³⁸ See BDA Letter at 1–2.

³⁹ See BDA Letter at 1.

⁴⁰ See BDA Letter at 2.

MSRB stated that it would engage in dialogue with stakeholders regarding the formulation of future charges, fees, and rate cards.⁴¹ The MSRB also stated that it will conduct a periodic review of its organizational reserves target and will evaluate and consider actions if organizational reserves exceed or fall below the established target by 20% or greater, as required by the MSRB’s Revised Funding Policy.⁴²

One commenter expressed support for the lowered operational reserves target presented in the MSRB’s fiscal year 2026 budget and the proposed shift to a multi-year rate card as reducing fee volatility and ensuring more predictability.⁴³ The commenter also urged the MSRB to consider increasing municipal advisor fees and/or imposing municipal advisor market activity fees in the future.⁴⁴ In its response letter, the MSRB stated that it would engage in dialogue with stakeholders regarding the formulation of future charges, fees, and rate cards.⁴⁵

One commenter stated that it did not oppose the proposed rule change and that the MSRB should not change its current approach of collecting fees from municipal advisors on a per-municipal advisor basis.⁴⁶ The commenter also stated that it supports the proposed four-year fee-setting window but expressed concern with how the MSRB will develop budgets during that four-year period to ensure that expenses adhere to its regulatory mandates under the Exchange Act so that fees are assessed on a reasonable basis.⁴⁷ The commenter also expressed a desire to engage in dialogue with the MSRB about recent changes to the MSRB’s Funding Policy, including the removal of language regarding the fair allocation of fee burdens on different classes of regulated entities.⁴⁸ In its response letter, the MSRB stated that it would engage in dialogue with stakeholders regarding the formulation of future charges, fees, and rate cards.⁴⁹ The MSRB also stated that it does not believe that its Revised Funding Policy diminishes the commitments laid out in its prior Funding Policy or alter any of the requirements imposed on the MSRB by statute.⁵⁰

The MSRB stated that it believes that it has undertaken a meaningful review

⁴¹ See MSRB Letter at 3.

⁴² *See id.*

⁴³ See SIFMA Letter at 2.

⁴⁴ See SIFMA Letter at 3.

⁴⁵ See MSRB Letter at 3.

⁴⁶ See NAMA Letter at 1.

⁴⁷ *See id.*

⁴⁸ *See id.*

⁴⁹ See MSRB Letter at 3.

⁵⁰ See MSRB Letter at 3–4.

of its fees, charges, and the rate card process, and that the proposed rule change is consistent with the Exchange Act.⁵¹

IV. Discussion and Commission Findings

The Commission has carefully considered the proposed rule change, the comment letters received, and the MSRB's response thereto. The Commission has also considered supplemental, non-public information regarding the MSRB's expenses that the MSRB provided to the Commission at the Commission's request. The Commission finds that the proposed rule change is consistent with the requirements of the Exchange Act and the rules and regulations thereunder applicable to the MSRB. In particular, the Commission finds that the proposed rule change is consistent with the provisions of Sections 15B(b)(2)(J),⁵² 3(f),⁵³ 15B(b)(2)(C),⁵⁴ and 15B(b)(2)(L)(iv)⁵⁵ of the Exchange Act.

A. Reasonable Fees and Charges as May Be Necessary or Appropriate To Defray the Costs and Expenses of Operating and Administering the MSRB

For the reasons outlined below, and in particular the MSRB's commitment to the continued stakeholder outreach described below, the Commission finds that the proposed rule change is consistent with the provisions of Section 15B(b)(2)(J) of the Exchange Act.⁵⁶ Section 15B(b)(2)(J) of the Exchange Act requires the MSRB's rules to provide that each regulated entity 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.⁵⁷ Such rules shall 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.⁵⁸

As noted by the MSRB, the proposed rule change is designed to fund the operation and administration of the MSRB through the establishment of a 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; and (iii) improves the MSRB's ability to manage organizational reserves responsibly while minimizing fee volatility and other operational disruptions to regulated entities.⁵⁹ The Commission finds that the proposed rule change represents a reasonable approach to achieve these goals by, among other changes, moving the process for determining Rate Card Fees from an annually calculated adjustment to a fixed multi-year rate schedule, establishing parameters to limit the degree of annual changes to Rate Card Fees (*i.e.*, the Annual Rate Change Limit), establishing a framework to address surplus reserves through rate adjustments to Market Activity Fees (*i.e.*, the Temporary Credits), and maintaining the MSRB's target balance of Rate Card Fees between dealers and municipal advisors.⁶⁰

With respect to the proposed Multi-Year Rate Card, the Commission finds that the proposed Rate Card Fees are appropriate to defray the anticipated costs and expenses of operating and administering the MSRB over the next four years. The MSRB's 2026 budgeted expenses total \$46.2 million (a 5.2% decrease in expenses compared to its fiscal year 2025 budgeted expenses)⁶¹ and the MSRB assumes an annual average expense growth rate of 3.4% for fiscal years 2027 through 2029, primarily due to the costs of inflation.⁶² The MSRB anticipates the revenue from the proposed Rate Card Fees to represent 78% of total revenues in fiscal year 2026, with the remaining 22% of revenues comprised of data subscription fees, underwriting assessments for certain municipal fund securities offerings under MSRB Rule A-13(c), annual and initial fees under MSRB Rule A-12(b) and (c), investment income, fine revenue, and other miscellaneous revenue (including examination fees under MSRB Rule A-16).⁶³ Although the proposed rule change would also reduce the MSRB's reserves balance through the use of a 45% Temporary Credit for Market Activity Fees (as discussed above),⁶⁴ the

MSRB maintains a targeted level of reserve funding in accordance with its Revised Funding Policy, which establishes a tolerance for variation from the organizational reserves target of $+/- 20\%$ of its target level (the "Reserve Target Tolerance"), and provides for an evaluation, at the mid-point of a multi-year rate card, as to whether the Reserve Target Tolerance has been exceeded.⁶⁵

Finally, the MSRB stated that it developed its fiscal year 2026 budget, its Revised Funding Policy, and the proposed rule change after considering the RFI responses and feedback received from the MSRB's outreach to stakeholders.⁶⁶ Based on commitments made by the MSRB,⁶⁷ the Commission expects that the MSRB will continue

⁵¹ See Notice, 90 FR at 48085.

⁵² See Notice, 90 FR at 48083, 48089.

⁵³ See, e.g., MSRB Letter at 3 ("The MSRB is committed to continuing its ongoing dialogue with stakeholders regarding the issues raised in the comment letters, including formulation of future charges, fees, and rate cards, as well as future, potential alternative fee mechanisms for certain market participants. . . . The MSRB expects its future stakeholder outreach to encompass a broad range of relevant issues and factors beyond the baseline requirements of the Funding Policy."); MSRB Letter at 3-4, note 12 ("[T]he changes in the Funding Policy do not alter or diminish the MSRB's commitment to engaging with stakeholders on a going-forward basis."); Notice, 90 FR at 48088 ("[T]he MSRB commits to engage with stakeholders to discuss possible alternative methods for municipal advisor fees."); Notice, 90 FR at 48083, note 13 ("The MSRB remains committed to ongoing 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."); RFI at 4, note 7 ("Separate from the retrospective review of the Rate Card Process, this outreach has been critical to the MSRB addressing the concerns regarding transparency and the MSRB budget process, with respect to which the MSRB will continue its engagement with stakeholders outside of this RFI"). See also, e.g., Letter to Secretary, Commission, from Ernesto A. Lanza, Chief Regulatory and Policy Officer, MSRB, dated January 26, 2024 (File No. SR-MSRB-2023-06), at 8, available at <https://www.sec.gov/comments/sr-msrb-2023-06/srmsr202306-416059-985442.pdf> ("Approval of an organization's budget is a core governance function that is the responsibility of the board of directors. . . . Nonetheless, the MSRB looks to provide appropriate opportunities for market participants (including the commenters, other municipal market stakeholders and fellow regulators inclusive of the Commission) to offer input, through discussions or otherwise, at a point in time that would allow the MSRB board of directors to consider such input as it approves the budget. Further, while the MSRB currently reaches out to some of the commenters or their member firms to seek input on estimated levels of underwriting and trading activity for the coming year to develop this aspect of the input into the Rate Card Process, the MSRB could consider a more formalized manner of surveying relevant market participants ahead of the final rate setting process."); *id.* at 6 ("The MSRB commits to continued engagement with commenters and other interested stakeholders to provide even greater budget transparency by providing more granular breakdowns of program expenditures, particularly with respect to technology-related expenses.").

⁵⁴ See Notice, 90 FR at 48086.

⁵⁵ See Notice, 90 FR at 48083. The proposed rule change maintains the contribution targets set forth when the MSRB established its annual 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. See Notice, 90 FR at 48086, note 40.

⁵⁶ See Notice, 90 FR at 48086; MSRB Fiscal Year 2026 Budget (Oct. 1, 2025), <https://www.msrb.org/sites/default/files/2025-10/MSRB-FY-2026-Budget-Summary.pdf> ("MSRB Fiscal Year 2026 Budget").

⁵⁷ See Notice, 90 FR at 48086.

⁵⁸ See *id.*

such outreach, which is key to a determination by the Commission that the proposed rule change establishes reasonable fees and charges to be paid by regulated entities. Although the proposed Multi-Year Rate Card is a fixed rate schedule for its four-year term and is generally not intended to be modified during its effective term,⁶⁸ the MSRB has committed to continuing its stakeholder outreach during this four year term regarding the MSRB's rate setting process, the distribution of fees across regulated entities generally, and the MSRB's budget and management of its reserve funds.⁶⁹ Based on commitments made by the MSRB,⁷⁰ the Commission also expects that the MSRB will engage with the Commission and stakeholders regarding what additional data and information the MSRB should publicly disclose (that it does not currently publicly disclose) regarding the MSRB's budget. The Commission also expects that, despite removing from its Revised Funding Policy certain previously included language affirming that stakeholder engagement is a funding priority of the MSRB,⁷¹ the MSRB will engage with stakeholders to ensure that future budgets adhere to the MSRB's regulatory mandates under the Exchange Act.⁷²

⁶⁸ See Notice, 90 FR at 48084.

⁶⁹ See MSRB Letter at 3–4. See also Notice, 90 FR at 48083, note 13.

⁷⁰ See, e.g., *supra*, note 67. See also, e.g., MSRB Fiscal Year 2026 Budget, *supra* note 61, at 5 (“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.”).

⁷¹ The prior Funding Policy, available at <https://web.archive.org/web/20250715224839/https://www.msrb.org/MSRB-Funding-Policy-0>, provided that: “Certain funding priorities exist based on the MSRB's Strategic Plan, in support of its responsibilities as [a self-regulatory organization], consistent with its congressional mandate as outlined in the Exchange Act. These priorities are: . . . 5. funding for stakeholder engagement activities and education, including receiving information from municipal market participants and other stakeholders to provide input that informs the rulemaking process, as well as ensuring that these stakeholders are aware of regulatory developments that may affect them and are educated on the MSRB rules.”

⁷² See, e.g., MSRB Fiscal Year 2026 Budget (Oct. 1, 2025), *supra* note 61, at 3 (“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.”); *id.* at 5 (“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

For these reasons, the Commission finds 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.

B. Impact on Efficiency, Competition, and Capital Formation, and Related Provisions

In approving the proposed rule change, the Commission has also considered the proposed rule change's impact on efficiency, competition, and capital formation under Section 3(f) of the Exchange Act.⁷³ The Commission finds that the record for the proposed rule change does not contain any information to indicate that the proposed rule change would have a negative impact on efficiency, competition, or capital formation.⁷⁴ In fact, transitioning to the proposed Multi-Year Rate Card could promote market efficiency and capital formation because regulated entities will now know their Rate Card Fees through 2029 instead of facing uncertainty under a one- or two-year rate card process.

The Commission also finds that the proposed rule change is consistent with the provisions of Section 15B(b)(2)(C) of the Exchange Act.⁷⁵ 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

on this topic is important to MSRB and its commitment to transparency.”); MSRB Letter at 3–4, note 12 (“[T]he changes in the Funding Policy do not alter or diminish the MSRB's commitment to engaging with stakeholders on a going-forward basis.”). See also, e.g., MSRB Notice 2024–13, MSRB Seeks Volunteers for Advisory Groups Including a New Group on Technology, at 1–2 (Oct. 28, 2024), available at <https://www.msrb.org/sites/default/files/2024-10/MSRB-Notice-2024-13.pdf> (“[O]ur highest priority is to fulfill our congressional mandate to protect investors, municipal entities, and the public interest by promoting a fair and efficient market. We strive to engage with stakeholders and market participants to further this objective and ensure the market works for everyone. Establishing advisory groups is one of the many ways the Board and staff facilitate effective stakeholder engagement. . . . [The Technology Advisory Group (TAG)] may discuss a broad range of topics such as . . . the MSRB's technology investment priorities and strategy . . . and technology implementation costs of regulatory initiatives.”); MSRB Notice 2025–07, MSRB Seeks Volunteers for Compliance Advisory Group, at 1 (Oct. 30, 2025), available at <https://www.msrb.org/sites/default/files/2025-10/MSRN-Notice-2025-07.pdf> (“[O]ur highest priority is to fulfill our congressional mandate to protect investors, municipal entities, and the public interest by promoting a fair and efficient market. We strive to engage with stakeholders and market participants to further this objective and ensure the market works for all.”).

⁷³ See 15 U.S.C. 78c(f).

⁷⁴ See 15 U.S.C. 78c(f).

⁷⁵ 15 U.S.C. 78o–4(b)(2)(C).

purposes of the Exchange Act.⁷⁶ The Commission finds that the proposed rule change would not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Exchange Act because the proposed 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, and the MSRB's 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.⁷⁷ Additionally, the proposed increases under the Rate Card Fees will be proportionately distributed across regulated entities.⁷⁸

The Commission further finds that the proposed rule change is consistent with the provisions of Section 15B(b)(2)(L)(iv) of the Exchange Act.⁷⁹ Section 15B(b)(2)(L)(iv) of the Exchange Act⁸⁰ 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 Commission finds 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-Is filed by a firm and, therefore, would result in lower relative assessments for smaller firms.⁸¹ 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

⁷⁶ 15 U.S.C. 78o–4(b)(2)(C).

⁷⁷ See Notice, 90 FR at 48086–87. As noted above, the proposed rule change maintains the contribution targets set forth when the MSRB established its annual 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. See Notice, 90 FR at 48086, note 40.

⁷⁸ See Notice, 90 FR at 48089. As noted above, 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 Notice, 90 FR at 48086, note 40.

⁷⁹ 15 U.S.C. 78o–4(b)(2)(L)(iv).

⁸⁰ 15 U.S.C. 78o–4(b)(2)(L)(iv).

⁸¹ See Notice, 90 FR at 48089.

municipal advisory activities that are undertaken by each firm.⁸²

For the reasons noted above, the Commission finds that the proposed rule change is consistent with the Exchange Act.

V. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Exchange Act,⁸³ that the proposed rule change (SR-MSRB-2025-02) be, and hereby is, approved.

For the Commission, pursuant to delegated authority,⁸⁴

Sherry R. Haywood,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-104480; File No. SR-FICC-2025-026]

Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Update a Definition and Certain Provisions Related to Components of GSD's Funds-Only Settlement

December 22, 2025.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on December 19, 2025, Fixed Income Clearing Corporation (“FICC”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II and III below, which Items have been prepared by the clearing agency. FICC filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(4) thereunder.⁴ The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Clearing Agency's Statement of the Terms of Substance of the Proposed Rule Change

The proposed rule change consists of amendments to FICC's Government Securities Division (“GSD”) Rulebook

(“Rules”)⁵ to (1) update the definition of “Overnight Investment Rate” to reflect that such rate is applicable to cash held by FICC in connection with funds-only settlement; (2) change the frequency of GCF Interest Adjustment Payments and Interest Adjustment Payments to monthly, rather than daily, in certain circumstances; and (3) remove an outdated reference from a statement in Rule 13.

II. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the clearing agency 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 clearing agency has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

(A) Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

FICC is proposing changes to the Rules that would update a definition and certain provisions related to the components of GSD's funds-only settlement, or “FOS.” Specifically, the proposed changes would update and clarify the definition of Overnight Investment Rate, which is the interest rate used in the calculation of two components of FOS, the GCF Interest Adjustment Payment and the Interest Adjustment Payment. The proposed changes would also update the frequency of GCF Interest Adjustment Payments and Interest Adjustment Payments to monthly, rather than daily, in certain circumstances. Finally, the proposed changes would remove an outdated reference from a statement in Rule 13, which was retained in the Rules in error. These proposed changes would update, clarify and correct the Rules related to FOS, providing Netting Members with a clearer understanding of these provisions and their rights thereunder.

Overview of Funds-Only Settlement

FOS is a twice-daily process of generating a net credit or debit cash amount for each Netting Member and settling those cash amounts between Netting Members and FICC. FOS is

described in Rule 13 and is a cash pass-through process, meaning Netting Members who are in a debit position submit payments that are then used to pay Netting Members in a credit position.⁶

Twice each Business Day, each Netting Member must pay (or is entitled to collect) an aggregate Funds-Only Settlement Amount across all CUSIPs in which it has outstanding positions. The main components of this amount include, among other payments, a mark-to-market amount for every Net Settlement Position, a mark-to-market amount for every Forward Net Settlement Position, fail marks for obligations that were scheduled to settle and have not yet settled, coupon payments and other adjustments.⁷

The settlement ultimately occurs through the National Settlement Service (“NSS”), a payment system operated by the Federal Reserve System (“FRS”).⁸ Cash debits and credits are paid out by Funds-Only Settling Bank Members, who are appointed by Netting Members. The individual debits and credits of each Netting Member using the same Funds-Only Settling Bank Member are totaled. Once the net debits and credits are approved by Funds-Only Settling Bank Members, the New York Federal Reserve Bank debits or credits each Funds-Only Settling Bank Member. Funds-Only Settling Bank Members then debit or credit the account of each Netting Member for which it settles. Funds transfers become final at the time the funds are moved through NSS.

Proposed Changes to the Definition of Overnight Investment Rate

The Rules define Overnight Investment Rate as the interest rate earned by FICC on the investment of the portion of the cash deposited to its Clearing Fund that is invested overnight. However, this term is currently only used in the definitions of two components of FOS—the GCF Interest Adjustment Payment and the Interest Adjustment Payment—and is not used in reference to FICC's deposits

⁶ Rule 13 (Funds-Only Settlement), *id.*

⁷ Each component of FOS is described in Rule 13 (Funds-Only Settlement), *id.*

⁸ NSS is a settlement service operated by the Federal Reserve Banks available to depository institutions that settle for participants in clearinghouses, financial exchanges and other clearing and settlement groups. Settlement agents, acting on behalf of those depository institutions in a settlement arrangement, electronically submit settlement files to the Federal Reserve Banks. Files are processed on receipt, and entries are automatically posted to the depository institutions' Federal Reserve Bank accounts. FICC's affiliate, The Depository Trust Company, maintains an account at the New York Federal Reserve Bank and acts as agent for FICC for FOS.

⁸² See Notice, 90 FR at 48089.

⁸³ 15 U.S.C. 78s(b)(2).

⁸⁴ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(4).

⁵ Terms not defined herein are defined in the Rules, available at <http://www.dtcc.com/legal/rules-and-procedures>.