



Fiscal Year 2027 Budget

For the Fiscal Year Beginning October 1, 2026

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Dear Stakeholders,

We are pleased to present our annual budget report.

For FY2027, the MSRB's Board of Directors approved a budget of \$48.0 million, representing a 3.7% increase over the FY2026 budget. The budget is in line with inflation and aligned with the rate card fees approved by the Securities and Exchange Commission (SEC) for calendar year 2027. We are confident that this budget will provide MSRB with the necessary resources to fulfill our statutory obligations and advance our strategic plan goals of regulatory modernization, market transparency, and public accountability.

Our commitment to fiscal stewardship and financial transparency has never been stronger, and stakeholder engagement was central throughout the development of this budget. We are grateful for the industry's feedback in this process, which identified opportunities to further clarify the allocation of our resources, particularly with respect to our investments in technology. As a result of your feedback, a key focus of this year's report will be on technology.

A strategic priority this year will be the completion of a project to modernize MSRB's information technology systems, which includes the development of a municipal market data repository, major cybersecurity and cloud infrastructure upgrades, and certain enhancements to the EMMA website. You can read more about the objectives of MSRB's technology transformation in the sidebar featured on page 17 of this report. On page 10, you will see an expanded section on our technology budget, which now includes a system-level allocation of these expenses (see page 16) in addition to the functional allocation presented in previous budget reports. Additionally, the sidebar on page 24 details the use of organizational reserves to fund our investments in technology and other strategic priorities.

Market regulation will be another key area for ongoing outreach and focus as we continue to prioritize modernizing our rule book to reduce compliance burdens for regulated entities and respond to a rapidly evolving market, all while ensuring core protections remain in place for issuers and investors. Ongoing rulemaking initiatives include a holistic review of the municipal advisor regulatory framework, as well as targeted retrospective rule reviews of certain broker-dealer regulations such as Rule G-27 on supervision.

In closing, the uniquely American municipal securities market is the envy of the world for a reason, and we should all take great pride in that fact. We look forward to continued engagement with you in the year ahead as MSRB pursues its vision to give America the confidence to invest in its communities.

Sincerely,

Alexander Chilton
Board Chair

Mark T. Kim
President and CEO

Introduction

The following considerations guide the MSRB Board of Directors, its Finance Committee and staff in a sound and disciplined budgeting process.

FY 2026–2030 Strategic Plan

MSRB's highest priority is to fulfill its congressional mandate and to carry out its statutory duties. The annual budget is designed to allocate resources towards the advancement of MSRB's FY 2026–2030 Strategic Plan, which includes three strategic goals that guide the organization's priorities for FY2027:

REGULATORY MODERNIZATION:

Protect investors, issuers and the public interest in a fair and efficient municipal securities market.

MARKET TRANSPARENCY:

Develop and maintain the data repository for the municipal securities market by upgrading MSRB's technology systems to receive, store and distribute the data in a secure, efficient and timely manner.

PUBLIC ACCOUNTABILITY:

Ensure accountability to MSRB's congressional mandate through stakeholder engagement, education and outreach, corporate governance and fiscal stewardship.

Fiscal Stewardship

Strong fiscal stewardship with a focus on responsible expense management underpins the development of MSRB's annual budget. Considerations around the broader macroeconomic environment and municipal market are incorporated into MSRB's budget development process. MSRB's annual budget is largely funded by the fees paid by regulated entities, and when determining the resources needed to fund its operations, MSRB carefully weighs the expected costs and benefits to all stakeholders, including dealers, municipal advisors, investors, issuers and the public interest in promoting a fair and efficient municipal securities market.

Financial Transparency

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

- [Annual Reports and Audited Financial Statements](#)
- [Sources and Uses of Funding](#)
- [MSRB Assessments and Fees](#)
- [Funding Policy](#)
- [Fine-Sharing Policy](#)
- [Investment Policy](#)
- [IRS Form 990](#)

Organizational Reserves

MSRB maintains organizational reserves to ensure it has the appropriate financial resources to support business continuity, regulatory mandates, and strategic opportunities. Most importantly, organizational reserves enable MSRB to be fiscally prepared regardless of economic conditions by maintaining the requisite level of liquidity to fund ongoing operations during an extended market downturn and to ensure the long-term financial sustainability of the organization. MSRB establishes a target reserve level by conducting a detailed and comprehensive analysis of its liquidity needs in four categories: working capital, risk reserves, strategic investment reserves and regulatory reserves. The Board reviews and adjusts, as necessary, the target reserves level each year as part of the annual budget process.

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.

Board Governance & Oversight

MSRB's Board of Directors approves the 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 are composed of representatives with deep expertise in 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.

Stakeholder Engagement

Providing MSRB's 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.

Prior to adopting the FY2027 Budget, MSRB Board and staff met with stakeholder groups representing broker-dealers, municipal advisors, issuers and investors to provide updates on MSRB's current financial position and to preview the FY2027 Budget. Ongoing stakeholder engagement and feedback throughout the process directly informs the development of MSRB's annual budget, and the information and discussion provided in this budget report. Continued engagement on this topic is important to MSRB and its commitment to transparency and accountability.

FY2027 Annual Budget

	FY2026 Budget	FY2027 Budget	\$ Change	% Change
Rate Card Fee Revenue	\$30,886,290	\$28,414,050	-\$2,472,240	-8.0%
Other Fees and Revenue	7,527,350	7,839,000	311,650	4.1%
Total Annual Budget Revenues	\$38,413,640	\$36,253,050	-\$2,160,590	-5.6%
Operating Expenses*	\$44,303,000	\$45,677,000	\$1,374,000	3.1%
Capital Expenditures	1,937,000	2,292,000	355,000	18.3%
Total Annual Budget Expenses	\$46,240,000	\$47,969,000	\$1,729,000	3.7%
Net Total Annual Budget	(\$7,826,360)	(\$11,715,950)		

*Operating expenses exclude material non-cash expenses, including depreciation, and differ from U.S. generally accepted accounting principles (GAAP). Annual budgets are subject to change during the year as circumstances arise.

Reserves Designations

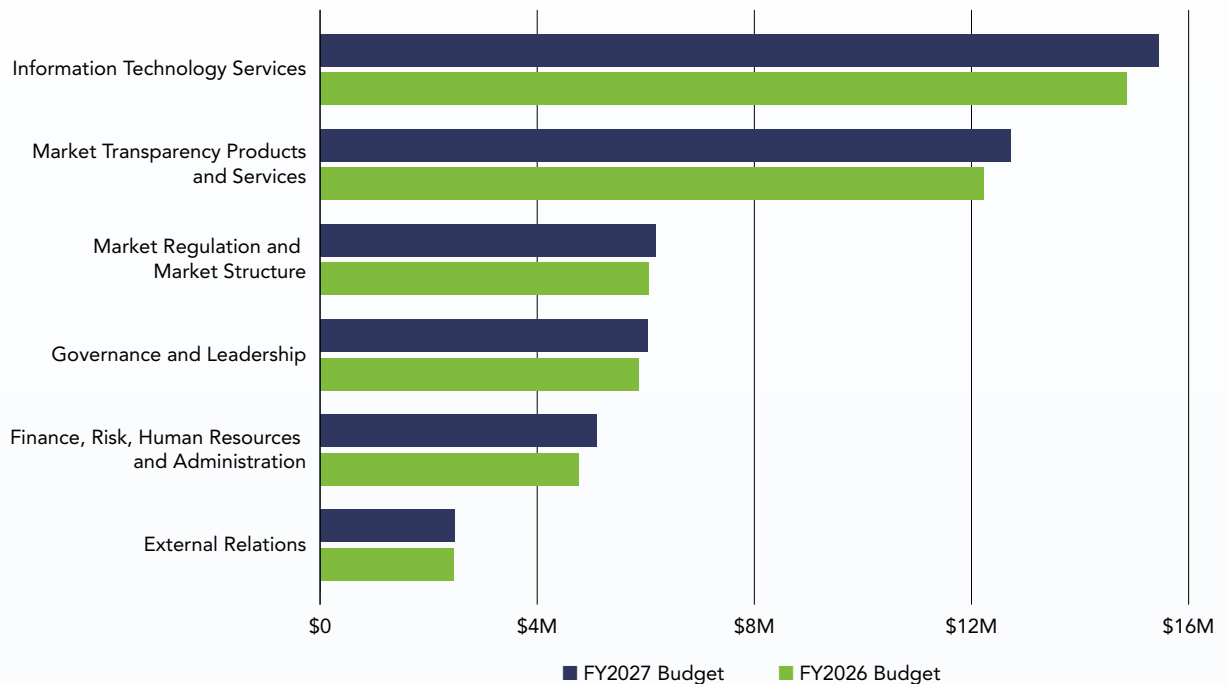
From time to time, MSRB's Board of Directors approves the designated use of organizational reserves to fund certain strategic or capital initiatives. For more information about these initiatives, see the sidebar on use of reserves on page 24.

	FY2026 Projected Spend	FY2027 Projected Spend
Office Relocation	\$2,148,000	\$5,352,000
Systems Modernization	1,930,000	1,470,000
Enterprise Resources Planning (ERP) System	–	1,000,000
Total Projected Spend from Reserves Designations	\$4,078,000	\$7,822,000

Expense Summary

Expenses by Activity	FY2026 Budget	FY2027 Budget
Information Technology Services	\$14,862,000	\$15,452,000
Market Transparency Products and Services	12,224,000	12,726,000
Market Regulation and Market Structure	6,060,000	6,177,000
Governance and Leadership	5,874,000	6,036,000
Finance, Risk, Human Resources and Administration	4,767,000	5,096,000
External Relations	2,453,000	2,482,000
Total Annual Budget Expenses	\$46,240,000	\$47,969,000

FY2027 VS FY2026 BUDGETED EXPENSES BY ACTIVITY



Information Technology Services

The Information Technology Services team operates, maintains and upgrades MSRB's market technology infrastructure, ensuring secure and resilient systems for both MSRB's internal operations and the market. At its core, the work of MSRB's IT team keeps the vital systems and infrastructure that market participants rely upon up and running and functioning properly.

Market Transparency Products and Services

The Market Transparency Products and Services team develops, builds and enhances 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 President & CEO, is responsible for the overall management and governance of MSRB.

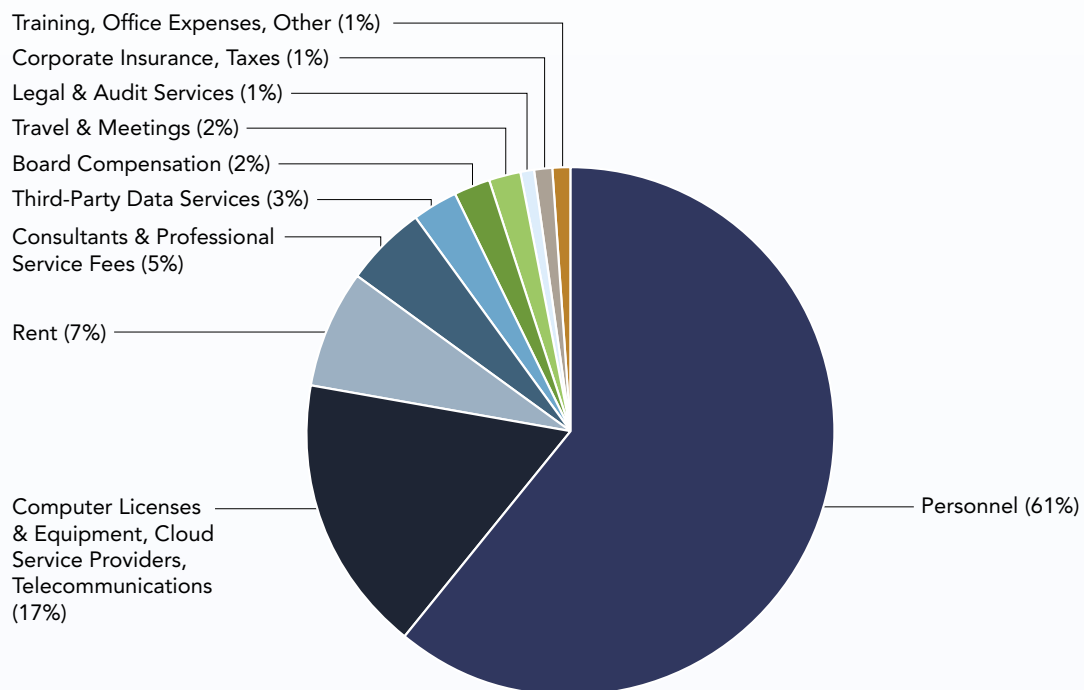
Finance, Risk, Human Resources and Administration

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, retention and professional development; and an inclusive work environment.

External Relations

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

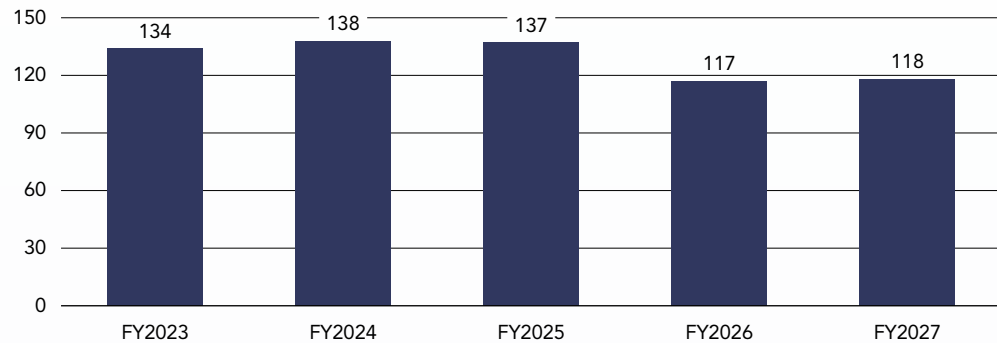
FY2027 EXPENSE BUDGET BY CATEGORY



Staffing (Head Count)

MSRB's largest expense area is personnel, accounting for 61% of the total budget for FY2027. Staff are MSRB's most important resource, and MSRB seeks to manage this expense area by ensuring that the size of the workforce is scaled appropriately for the organization's needs. Headcount for FY2027 is essentially budgeted at flat to FY2026 levels and down 14% from FY2025.

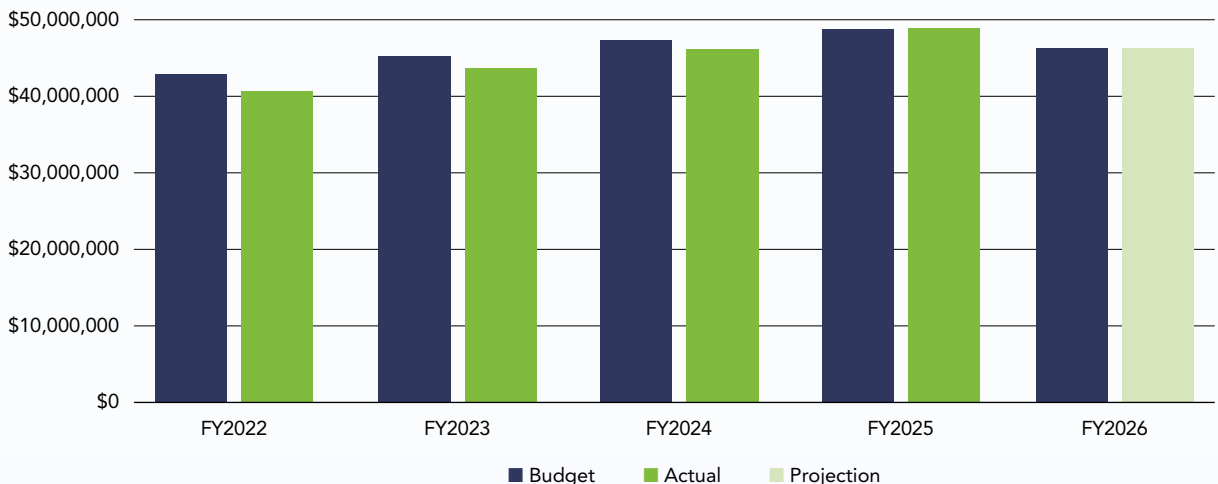
BUDGETED HEADCOUNT



Expenses—Historical Trend

One of MSRB's key budget priorities is fiscal discipline and responsibility. The FY2027 budget represents a 3.7% increase from the previous year, in line with inflation. MSRB's five-year actual compounded annual growth rate in expenses from FY2022 to FY2026 is projected to be 3.3%.

HISTORICAL BUDGET VS ACTUAL EXPENSE*

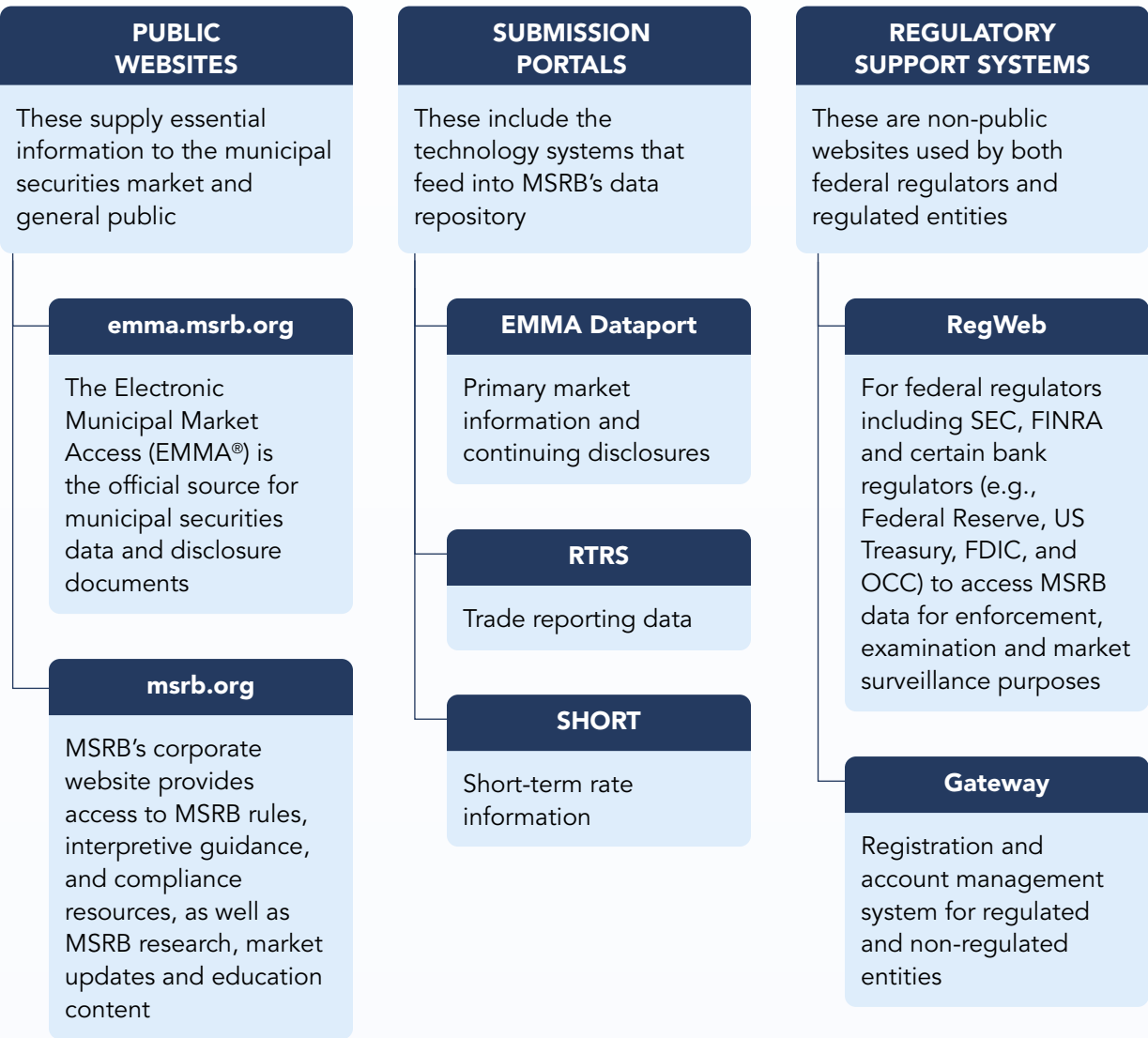


*Historical budget and actual expense have been adjusted to conform to current budget presentation for comparability. Operating expenses exclude material non-cash expenses, including depreciation, and differ from U.S. generally accepted accounting principles (GAAP).

MSRB’s Budget in Detail: Technology Expenses

Technology is fundamental to MSRB’s mission and its strategic goal of promoting market transparency. While this area is a significant expense area and cost driver for MSRB, operating, securing and providing a reliable and resilient technology environment remains critical not only to our mission, but to the fundamental needs of the market to operate.

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. To accomplish this, MSRB maintains and operates multiple essential technology systems, including:



In addition to these technology systems, MSRB provides data products and subscription services, which supply the marketplace with data and disclosure documents that are critical for the municipal securities market to function efficiently. These products include:

- **MSRB Transaction Subscription Service:** All municipal trade data reported to MSRB by municipal securities dealers. Subscriptions to periodic reports are also available.
- **MSRB Short-term Obligation Subscription Service:** All variable rate securities data and documents.
- **MSRB Primary Market Subscription Service:** All primary market disclosure documents and related information provided by municipal bond dealers.
- **MSRB Continuing Disclosure Subscription Service:** All continuing disclosure documents and related information.
- **MSRB Data Sets for Academics:** MSRB makes municipal securities data available to universities and other research institutions to support academic research about the municipal securities market.

Technology Expenses by Activity

MSRB organizes its technology area into two distinct categories: Information Technology Services and Market Transparency Products and Services.

Information Technology Services

The security, availability and resiliency of all MSRB technology are critical for an efficient and effective market and ultimately allow the market to function. This technology includes the data repository, market transparency subscription services, and EMMA website, along with 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, distribute 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. In general, Information Technology Service expenses provide operational capability to all MSRB systems and cannot be readily categorized into individual system components.

Technology Operations

In FY2027, MSRB's budget includes \$8.2 million for 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 FY2027 as MSRB faces continuing cost pressures from third-party vendors.

Cybersecurity

Cybersecurity is a fundamental activity of Information Technology Services. The FY2027 budget includes \$2.5 million to fund staff and the essential tools and services to secure the internal and external MSRB technology footprint. Cybersecurity represents the second largest area of expense in Information Technology Services as MSRB continues to invest in securing and protecting market systems in an increasingly complex and rapidly evolving information security landscape.

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 FY2027, MSRB has budgeted \$1.5 million for these services and activities.

Data Storage

MSRB is the data repository for municipal market trade and disclosure information. The cost of collecting and storing an ever-increasing amount of data collected or generated through MSRB systems is a discrete cost identifiable in a cloud computing environment. Data storage accounts for \$1.3 million of MSRB's FY2027 annual budget.

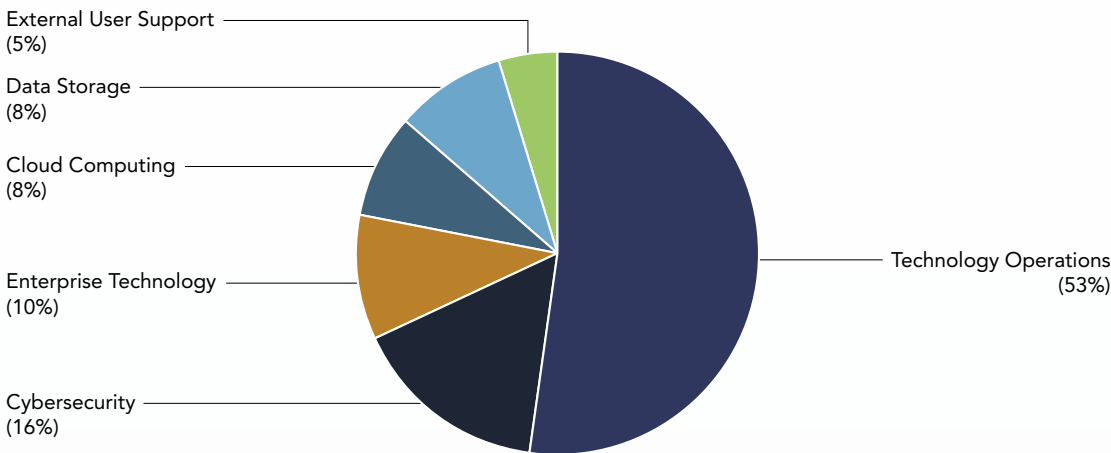
Cloud Computing

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's migration of its technology systems to the cloud has allowed it to operate secure, resilient and efficient market systems while improving its ability to respond to the evolving needs of the municipal securities market, supporting market transparency and regulatory effectiveness. The FY2027 budget includes \$1.2 million for cloud computing for its production systems in FY2027. *See the sidebar on page 17 to learn more about the purposes and objectives of MSRB's technology transformation, which included cloud migration as phase I of the project.*

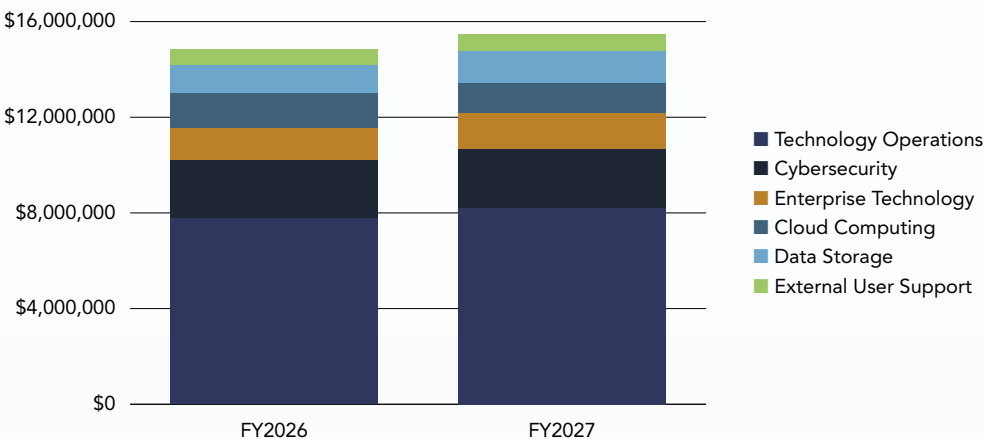
External User Support

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 budgeted at \$700,000 in FY2027.

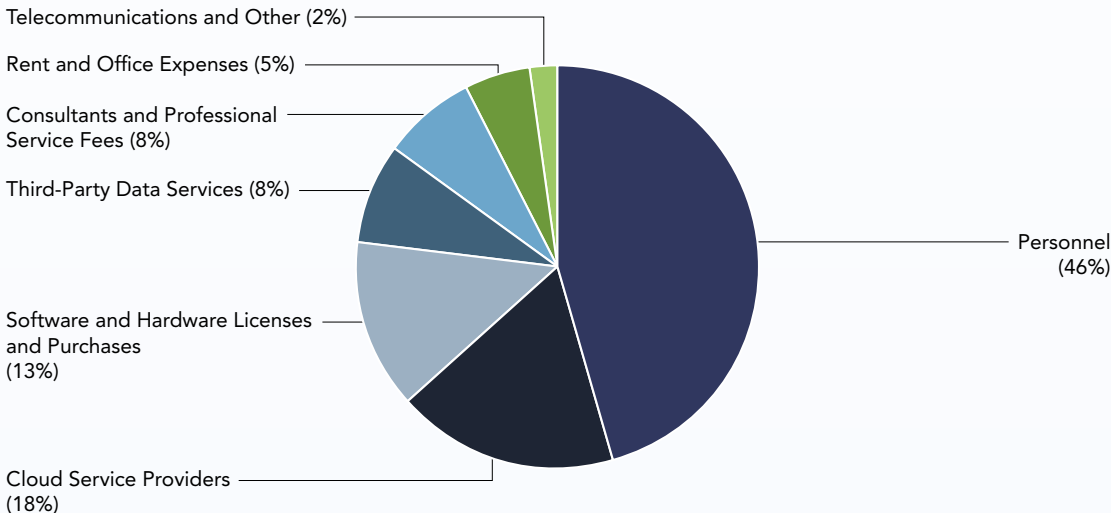
FY2027 INFORMATION TECHNOLOGY SERVICES BUDGET ALLOCATION



INFORMATION TECHNOLOGY SERVICES BUDGET ALLOCATION BY ACTIVITY—FY2026 VS FY2027



FY2027 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 the data repository and EMMA website. This is being achieved with additional resources from the designation of organizational reserves. *See page 19 to learn more about the key objectives of these enhancements.*

There are three core product lines: 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 serves as the official repository of municipal securities disclosures and 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 broker-dealer and municipal advisor registrations, primary market and continuing disclosures, transaction reporting, variable rate changes and information from other market data sources. In FY2027, \$5.2 million is budgeted for this product area.

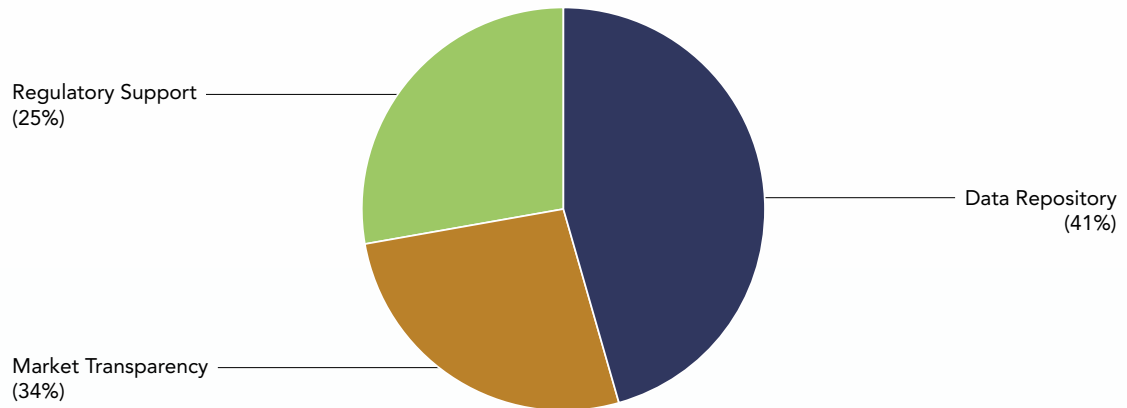
Market Transparency

MSRB fulfills its market transparency function by providing access to the disclosures and data MSRB collects. The EMMA website makes much of this information available to all market participants and the public for free, while MSRB's numerous subscription services provide this data on an automated basis to subscribers that use it for their own products, including information products used by market professionals as part of their core activities on a minute-by-minute basis. This team works to update, maintain and enhance the EMMA public website and information offering that public users interact with to learn more about the market. 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. In FY2027, \$4.3 million is budgeted for this product area.

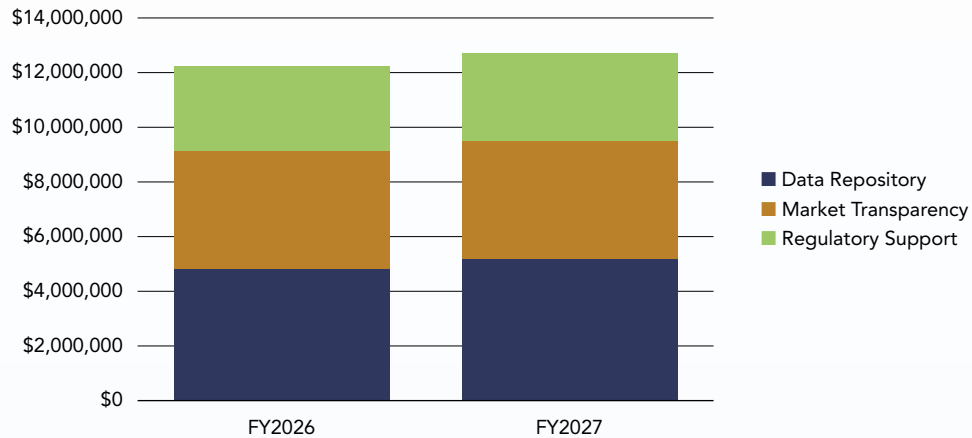
Regulatory Support

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 line includes reporting services that enable broker-dealers to monitor their trade reporting compliance. In FY2027, the Regulatory Support product group has an allocated budget of \$3.2 million to support the continued enhancement and maintenance of these systems while addressing regulatory product user requests.

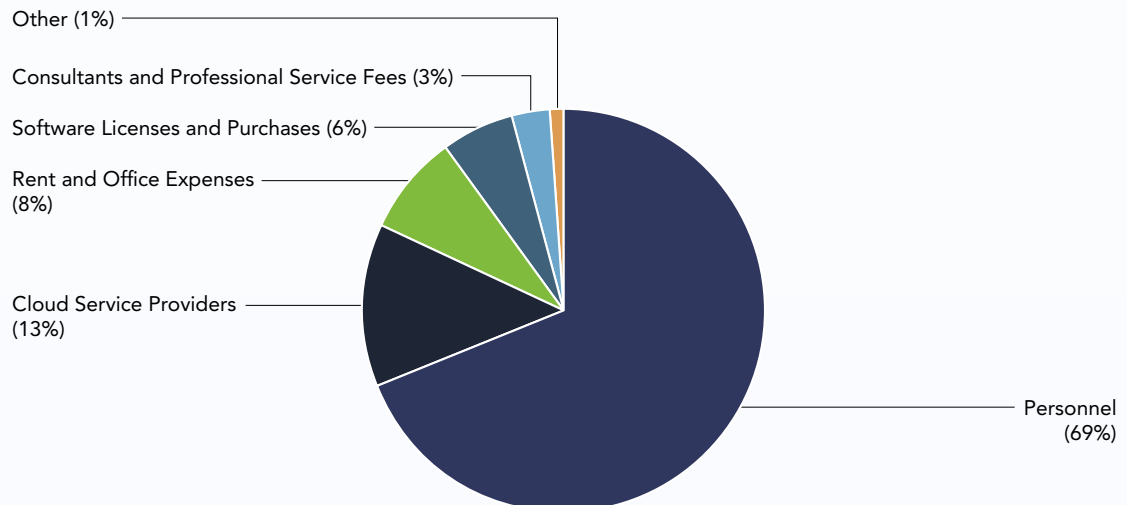
FY2027 MARKET TRANSPARENCY PRODUCTS AND SERVICES BUDGET BY PRODUCT LINE



MARKET TRANSPARENCY PRODUCTS AND SERVICES BUDGET BY PRODUCT LINE—FY2026 VS FY2027



FY2027 MARKET TRANSPARENCY PRODUCTS AND SERVICES BUDGET BY CATEGORY

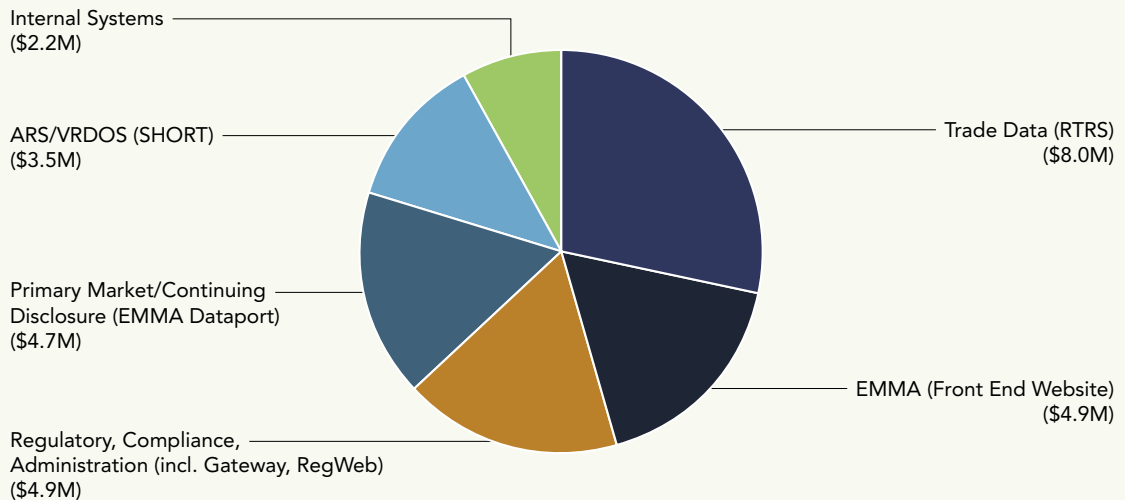


ESTIMATED ALLOCATION OF TECHNOLOGY SYSTEMS EXPENSE

Most of MSRB's technology expense is attributable to more than one of MSRB's market transparency systems. Information Technology Services, in particular, operates on a shared services model that provides operational capability to all MSRB systems and cannot be readily categorized into individual system components.

However, to provide stakeholders with added information and context regarding expenses for individual market transparency systems, MSRB has developed an estimated allocation for the FY2027 technology budget. This allocation is based on assumptions, particularly related to the estimated level of staff time and effort spent on each system. While MSRB believes these assumptions to be reasonable, they are only intended to provide a directional approximation.

FY2027 TECHNOLOGY BUDGET BY ESTIMATED SYSTEMS EXPENSE



MSRB TECHNOLOGY TRANSFORMATION OBJECTIVES

In 2018, the MSRB Board approved the first phase of MSRB's technology transformation initiative—a project that has been funded primarily through organizational reserves. The first phase was centered around cloud migration, which set the foundational needs for ensuring MSRB technology systems could function and evolve in today's environment. The second phase of the project, to modernize MSRB's market transparency systems to leverage the power of the cloud, was approved by the Board in 2020. The result is a major, two-phase investment, which has upgraded MSRB's technology systems and data repository, allowing it to function for the benefit of the market in the years ahead. This section breaks down the two phases of technology transformation, along with their distinct purposes and objectives.

PHASE I: CLOUD MIGRATION (2018–2021)

Purpose: Migrate MSRB's systems and data to the cloud

Key objectives include:

SECURITY:

- **Enhanced cybersecurity:** Layered controls, physical security, encryption, centralized identity, and continuous logging and automated monitoring to strengthen protection of systems and data.
- **More timely threat response:** Integrated security services and automation improve detection, containment and remediation of potential cyber events.
- **Stronger business continuity:** Geographic diversity, resilient connectivity and tested recovery procedures support sustained access to critical market services. MSRB gained true out-of-the-region data center capability through cloud migration.

PERFORMANCE:

- **Enhanced compliance support and user experience:** Standardized controls, detailed audit trails and automated evidence collection improve oversight and support Regulation SCI obligations, while modern platforms support faster, more intuitive and accessible digital services across devices.
- **Improved data integrity:** Consistent controls, data replication, validation and backup capabilities help protect the accuracy, completeness and availability of market data, while added capabilities of encrypted offline backups are also offered by the cloud provider.

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MSRB Technology Transformation Objectives (continued)

- **Better market transparency, data and analytics:** A scalable data foundation supports reliable collection, processing and dissemination of information used by investors, regulated entities and other market participants, while cloud-native data services make it easier to integrate information, improve search and analysis, and develop new insights for the market.

EFFICIENCY:

- **Faster delivery improvements and effective monitoring:** Automated development, testing and deployment reduce the time required to introduce features, fixes and regulatory changes, while centralized, near-real-time visibility into system health, performance, capacity and security enables earlier intervention.
- **Improved operational focus and collaboration:** Staff can devote more attention to market transparency systems, data quality and stakeholder services rather than physical data-center equipment, while common platforms, automation and shared data services help technology, regulatory and business teams work from consistent information.
- **Greater adaptability and cost optimization:** Services can be adjusted more quickly as market practices, stakeholder expectations, regulations and technology evolve, while consumption-based services allow MSRB to calibrate services needed and better align and allocate costs with actual stakeholder demand. Additionally, a shared security model reduces cost of physical security, and access to specialized expertise through cloud platforms provides continuously evolving infrastructure, security and engineering capabilities at scale.
- **Lower infrastructure burden:** Cloud services reduce the need for periodic data-center refreshes and for MSRB to own and maintain physical infrastructure.
- **Demand-based spending:** Services can scale with actual requirements, better aligning technology consumption with market activity and organizational priorities.



"Cloud migration strengthens MSRB's ability to operate secure, resilient and efficient market systems while improving how quickly we can respond to the evolving needs of the municipal securities market. This value extends beyond technology cost as it supports market transparency, regulatory effectiveness, service continuity and responsible stewardship."

– John Toye, Chief Information Officer

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MSRB Technology Transformation Objectives (continued)

PHASE II: SYSTEMS MODERNIZATION (2021–PRESENT)

Purpose: Modernizing legacy technology systems with cloud native architecture

Key objectives include:

- **Market transparency:** Shared data, consistent business rules, and integrated services can improve how MSRB collects, organizes, and disseminates information.
- **Service improvement:** Reusable data, application programming interfaces, and automated delivery capabilities can reduce the effort required to introduce targeted data products, analytics, and digital enhancements.
- **Regulatory adaptability:** Configurable data, workflow, integration, and reporting capabilities can make new mandates and policy changes easier to implement.
- **FDTA readiness:** As requirements develop, the data platform will help MSRB support common identifiers, interoperable standards, and machine-readable data. Additional policy, process, data, and system changes may still be required.
- **Further optimized demand-based spending:** Services can continue to scale with actual requirements and align technology consumption with market activity and organizational priorities.



"MSRB's cloud, systems modernization, and data platform investments provide a foundation for practical improvements beyond infrastructure. They can support regulatory change, strengthen selected market transparency capabilities, improve operational resilience, and make trusted data more useful. Over time, this foundation may also help MSRB respond to mandates such as the Financial Data Transparency Act (FDTA), while improving stakeholder services."

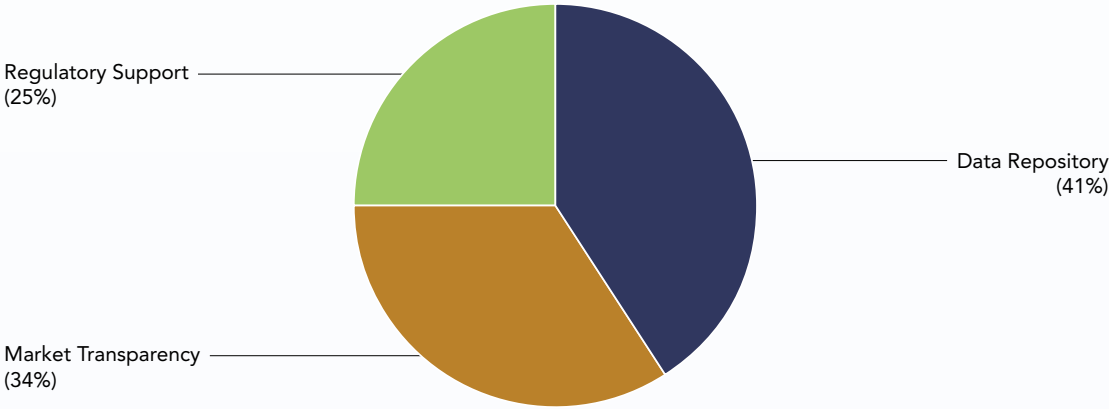
– Brian Anthony, Chief Product Officer

Four-Year Capital Improvement Program (CIP)

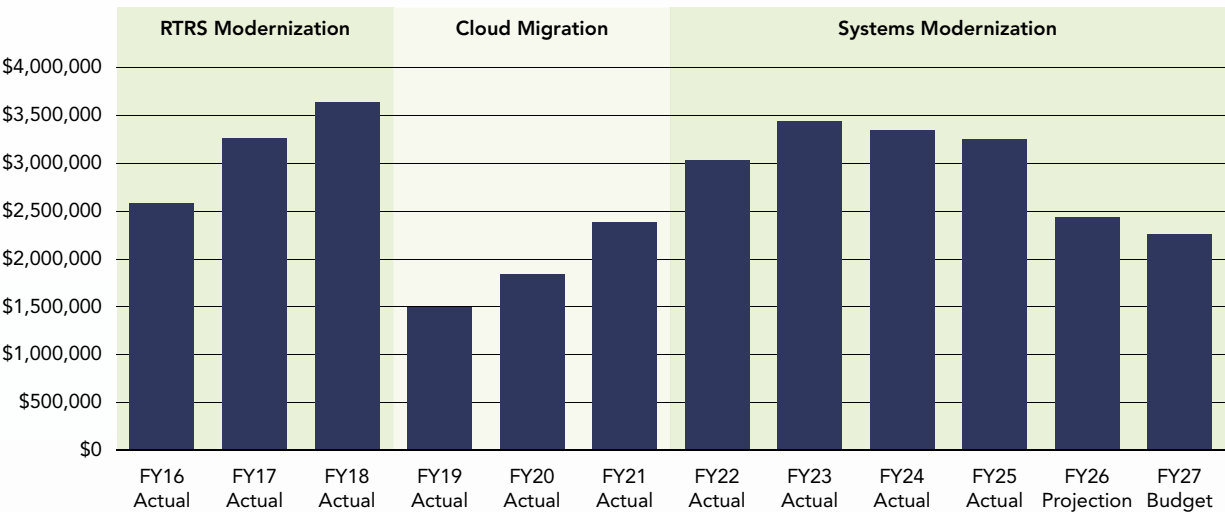
Encompassed within the technology budget is the MSRB’s Four-Year Capital Improvement Program (CIP). The budget for the CIP funds staff resources dedicated to developing new and improved software and systems capabilities for the benefit of the municipal securities market. While the CIP represents only a small percentage of MRSB’s overall annual budget, this section is intended to provide more information around the long-term trajectory of the program over the same period as MSRB’s four-year rate card. MSRB plans to mature its reporting on the CIP in future years to provide additional detail and transparency to management and stakeholders.

Planned Investments (\$ Thousands)	Market Transparency	Regulatory Support	Data Repository	Total
FY2026 Forecast	\$994.0	\$226.0	\$1,038.0	\$2,258.0
FY2027 Budget	\$714.0	\$525.0	\$861.0	\$2,100.0
FY2028 Plan	\$728.0	\$536.0	\$878.0	\$2,142.0
FY2029 Plan	\$743.0	\$547.0	\$895.0	\$2,185.00
4 Year Total (FY2026–FY2029)	\$3,179.0	\$1,834.0	\$3,672.0	\$8,685.0

FY2027 CAPITAL IMPROVEMENT PROGRAM BUDGET



HISTORICAL CAPITAL IMPROVEMENT PROGRAM (CIP)



Historical capital labor costs funded in the annual budget have varied over time based on the nature of MSRB’s initiatives. As illustrated above, following a period of higher capital labor costs associated with re-engineering and modernization of the RTRS trade reporting system, resources were shifted away from capital labor to focus on the migration of MSRB’s systems to cloud computing. As Phase II of MSRB’s technology transformation got underway in FY2021, capital labor costs again increased in support of those efforts to upgrade the infrastructure supporting all of MSRB’s technology systems.

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 broker-dealers on primary and secondary market activity including underwriting and trading activity. The remaining revenue is primarily generated by fees on municipal advisor professionals, firm registration fees, and data fees.

Annual Budget Revenues	FY2026 Budget	FY2027 Budget
Market Activity Fees*	\$27,722,290	\$25,084,050
Municipal Advisor Professional Fees	3,164,000	3,330,000
Data Subscriber Fees	2,548,000	2,650,000
529 Plan Underwriting Fees	1,603,350	1,684,000
Annual & Initial Fees	1,366,000	1,295,000
Investment Income	1,100,000	1,300,000
Rule Violation Fine Revenue	500,000	500,000
Other Revenue	410,000	410,000
Total Revenue	\$38,413,640	\$36,253,050

*Includes Underwriting, Transaction and Trade Count Fees

FY2027 Market Activity Fees

MSRB established a four-year rate card for calendar years 2026–2029. The first two years of the rate card include a 45% temporary fee credit on market activity fees for broker-dealers, which is designed to allow MSRB to reduce organizational reserves above target level. In developing the rate card, MSRB used a five-year historical average to project future market activity volume. For the FY2027 budget, MSRB updated the forecast for market activity volume to reflect the most recent five-year average, which is higher than the five-year average used to establish the rate card. As MSRB develops future budgets, we will continue to monitor market activity and apply estimates to inform our future revenue budgets.

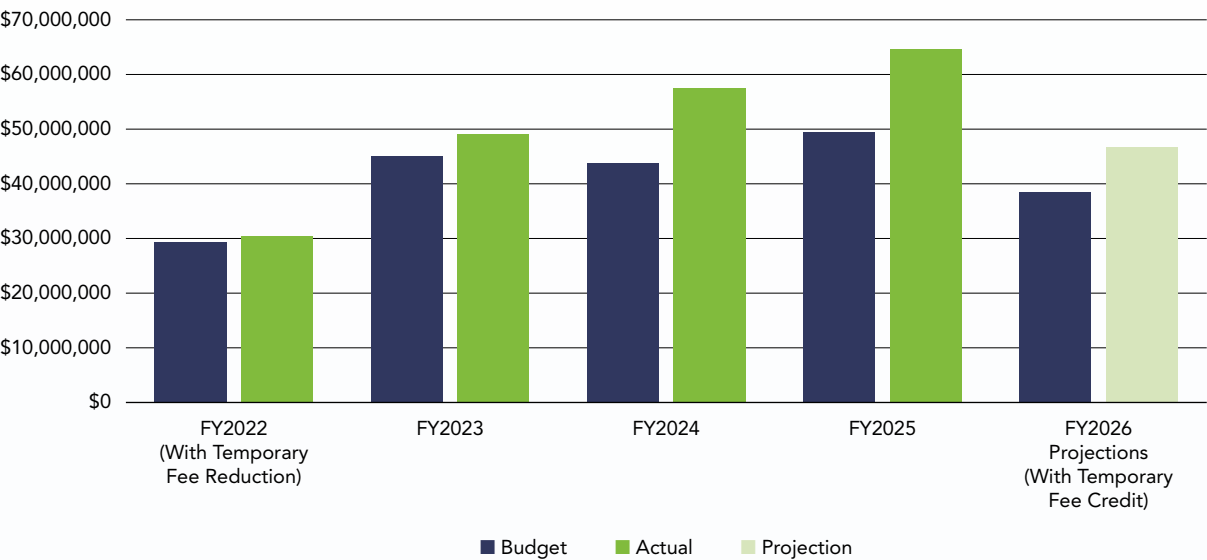
Current Rates	Basis	Calendar Year 2027 Fee Rate (Net of 45% temporary credit)
Underwriting Fee	Per \$1,000 Par Underwritten	\$0.0163
Transaction Fee	Per \$1,000 Par Transacted	\$0.0059
Trade Count Fee	Per Trade	\$0.6100

Market Volume Assumptions	FY2027 Budget	FY2026 Budget
Bond Volume (Underwriting Fee)	\$495 Billion Par Underwritten	\$474 Billion Par Underwritten
Trade Par (Transaction Fee)	\$1.77 Trillion Par Transacted	\$1.64 Trillion Par Transacted
Number of Trades (Trade Count Fee)	10.8 Million Trades	9.2 Million Trades

Revenues—Historical Trend

Historically high market activity in recent years has generated higher than budgeted revenue since 2023. The impact of market activity trends on MSRB revenue was further amplified in 2024 and 2025 when annual rate setting was paused to engage with the industry on a retrospective review of the annual rate card model.

HISTORICAL BUDGET VS ACTUAL REVENUE



Reserves Summary

MSRB maintains organizational reserves to provide financial stability and ensure business continuity for its statutorily required activities. MSRB aims to maintain reserves at or near a target level – \$30 million for FY2027. 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 starting in FY2026.

STRATEGIC USES OF RESERVES

MSRB designates the use of reserves to fund certain strategic or capital initiatives.

In 2018, the Board approved the first phase of a major, two-phase investment to upgrade MSRB's technology systems and data repository, which was funded through organizational reserves. Phase I included a migration to the cloud, which took place from 2018–2021. Phase II, systems modernization, began in 2021 and has an anticipated delivery date in 2027. MSRB is focused on being responsible stewards of the estimated \$24 million projected reserves spend for phase II in support of modernizing our data repository, market transparency systems, and EMMA website.

Another strategic use of reserves centers around MSRB's upcoming office relocation, which is planned for 2027, as well. In September 2025, the Board designated \$7.5 million to fund the relocation of MSRB to a new office space. The new office will be smaller, more efficient, and right sized for MSRB's future needs. By making this move, MSRB will save \$6 million over the term of the new lease net of the initial investment of reserves, or \$2.5 million in present value dollars at a 6% discount rate.

Most recently, in September 2026, the Board designated \$1 million to fund the purchase and implementation of a new back-office Enterprise Resource Planning (ERP) system. This investment will facilitate the replacement of end-of-life systems with limited capabilities, reduce risks, increase efficiencies, and modernize back-office operations.

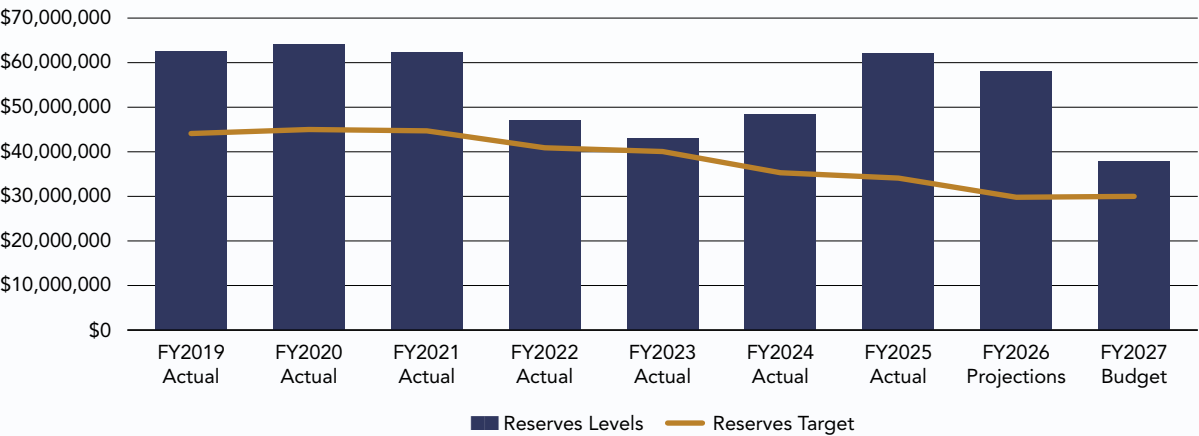
Reserves—Historical Trend

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 in trying to manage 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, 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 since 2024 generated additional revenue for MSRB. This, along with the pause in adjusting market activity fee rates in 2024 and 2025, significantly contributed to the growth of reserves above target.

While temporary fee credits on market activity fees for broker-dealers will significantly reduce reserves in FY2027, they are currently projected to remain above the target level due to elevated market activity. As part of the SEC-approved rate card process, MSRB committed to evaluating reserve levels at the mid-point of the multi-year rate card. During calendar year 2027, MSRB will assess and determine what, if any, further actions should be taken to manage reserves levels.

HISTORICAL RESERVES LEVELS



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 in a fair and efficient market. 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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