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

The Exchange has neither solicited nor received comments on the proposed rule change.

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

Because the proposed rule change is one that that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b–4(f)(6) thereunder. 28

A proposed rule change filed under Rule 19b–4(f)(6) normally does not become operative for 30 days after the date of filing. However, pursuant to Rule 19b–4(f)(6)(iii), the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposed rule change may become operative immediately upon filing.

Waiver of the 30-day operative delay would permit the Exchange to include both the Regulatory Element rules discussed in SR–BOX–2022–16, and the proposed Firm Element rules discussed therein as a part of its annual 17d–2 review. 29 As part of the Exchange’s 17d–2 agreement with FINRA, FINRA would have regulatory responsibility for the Exchange’s Continuing Education requirement, including both the Regulatory Element and the proposed Firm Element components of the Exchange’s Continuing Education requirement. 30 Waiver of the 30-day period would allow the Exchange to implement its plan for allocating regulatory responsibility to FINRA to include the Firm Element as part of the Exchange’s ongoing Rule 17d–2 agreement. Additionally, waiver of the operative delay is appropriate here because the Exchange seeks to adopt changes already approved by the Commission for FINRA and would help avoid confusion for Participants of the Exchange that are also FINRA members. For these reasons, the Commission believes that waiver of the 30-day operative delay for this proposal is consistent with the protection of investors and the public interest. Accordingly, the Commission hereby waives the 30-day operative delay and designates the proposal operative upon filing. 31

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

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

Electronic Comments
- Use the Commission’s internet comment form (http://www.sec.gov/rules/sro.shtml); or
- Send an email to rule-comments@sec.gov. Please include File Number SR–BOX–2022–23 on the subject line.

Paper Comments
- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549–1090.

All submissions should refer to File Number SR–BOX–2022–23 and should be submitted on or before August 30, 2022.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority. 32

J. Matthew DeLesDernier,
Deputy Secretary.

[FR Doc. 2022–17004 Filed 8–8–22; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION


August 3, 2022.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act” or “Exchange Act”) 1 and Rule 19b–4 thereunder, 2 notice is hereby given that on July 29, 2022, the Municipal Securities Rulemaking Board (“MSRB” or “Board”) filed with the Securities

29 The Exchange currently has a 17d–2 agreement in place with FINRA permitting the Exchange to allocate to FINRA certain regulatory responsibilities for common members to eliminate regulatory duplication. As part of the Exchange’s agreement, FINRA would have regulatory responsibility for the Exchange’s Continuing Education requirement, which as proposed, includes both the Regulatory Element and Firm Element components of the Exchange’s Continuing Education requirement. Waiver of the 30-day period would allow the Exchange to implement its plan for allocating regulatory responsibility to FINRA to include the Firm Element as part of the Exchange’s ongoing 17d–2 agreement.
30 Id.
31 For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule change’s impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).
would be established in accordance with Rule G–3, on professional qualification requirements, and for whom the municipal advisory firm has an active Form MA–I on file with the Commission as of January 31st of each year (each individual being a “covered professional” and such fee amount on each covered professional the “Municipal Advisor Professional Fee”): 3

(iii) Rule A–11, Rule A–12, on registration, and Rule A–13 to provide greater regulatory clarity for the assessment of fees on municipal securities brokers, municipal securities dealers, and municipal advisors (collectively, “MSRB regulated entities”) under these rules.

The proposed amendments to the rates of assessment of the Rate Card Fees are referred to as the “Rate Card Amendments.” The Rate Card Amendments would establish the Rate Card Fees in accordance with the following table.

<table>
<thead>
<tr>
<th>Basis</th>
<th>Proposed rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underwriting Fee</td>
<td>$0.0297</td>
</tr>
<tr>
<td>Transaction Fee</td>
<td>$0.0107</td>
</tr>
<tr>
<td>Trade Count Fee</td>
<td>1.10</td>
</tr>
<tr>
<td>Municipal Advisor Professional Fee</td>
<td>1.06</td>
</tr>
</tbody>
</table>

The proposed technical amendments to Rule A–11, Rule A–12, and Rule A–13 are referred to as the “Technical Amendments.” The Rate Card Amendments and the Technical Amendments together are referred to as the “proposed rule change.”

The MSRB has designated the proposed rule change for immediate effectiveness. 6 The Rate Card Amendments and the Technical Amendments are designated to have an operative date of October 1, 2022. The Board currently anticipates the amended Rate Card Fees proposed by the Rate Card Amendments to be operative for a period of fifteen months from October 1, 2022 to December 31, 2023. In addition, any further amendments to the Rate Card Fees would be established in accordance with the MSRB’s annual rate process consistent with the Board’s funding policy that will be effective October 1, 2022, currently available at https://msrb.org/About-MSRB/Financial-and-Other-Information/Financial-Policies/Future-Funding-Policy (hereinafter, the “revised funding policy”). In addition, any such amendments to the Rate Card Fees would be filed with the Commission pursuant to the provisions of Section 19(b)(1) of the Exchange Act. 7

The text of the proposed rule change is available on the MSRB’s website at www.msrb.org/Rules-and-Interpretations/SEC-Filings/2022-Filings.aspx, at the MSRB’s principal office, and at the Commission’s Public Reference Room.

3 “Form MA–I: Information Regarding Natural Persons Who Engage in Municipal Advisory Activities,” is an SEC form that must be completed and filed by a municipal advisory firm with respect to each natural person associated with the firm and engaged in municipal advisory activities on the firm’s behalf, including employees of the firm. Independent contractors are included in the definition of “employee” for these purposes. A natural person doing business as a sole proprietor must complete and file Form MA–I in addition to Form MA. Form MA–I is also used to amend a previously submitted form, including in such cases where an individual is no longer an associated person of the municipal advisory firm or no longer engages in municipal advisory activities on its behalf, then that individual’s Form MA–I would not be deemed as active for purposes of the Municipal Advisor Professional Fee and would not be counted in the January 31st calculation regarding the assessment of the Municipal Advisor Professional Fee.

4 As further described herein, the proposed rule change would provide a technical amendment to Rule A–13 to change the terminology for this fee from “technology fee” to “trade count fee.” To avoid confusion, the proposed rule change utilizes the amended name except as context requires for clarity, such as describing this specific technical amendment and providing certain historical revenue data in Exhibit 3(a). See discussion infra entitled “Technical Amendments to Rule A–13 and Related Cross-References.”

5 Underwriting assessments charged pursuant to Rule A–13(c)(iii) to certain dealers acting as underwriters of municipal fund securities are not included in the Market Activity Fees that would be amended by this proposed rule change.


7 See discussion infra under “Proposed Annual Rate Card Approach.” As further described therein, the Board presently anticipates filing proposed rule changes with the Commission to amend the rates of assessment of the Rate Card Fees on an annual basis going forward, as applicable. Accordingly, to the extent warranted, the first set of such amendments would be filed with the Commission prior to or in the last quarter of calendar year 2023 to become operative on January 1, 2024.
A. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The purpose of the Rate Card Amendments is to amend the rate of assessment for the Board’s Rate Card Fees effective on October 1, 2022. The description of the Rate Card Amendments provides transparency regarding the internal process for how the Board, if warranted, would amend such fees on an annual basis going forward. Specifically, the Board will conduct an annual review of the Rate Card Fees and, if the Board determines an adjustment is necessary or appropriate to defray the costs and expenses of operating and administering the Board, the Board will file a proposed rule change with the Commission in the last quarter of the calendar year to effectuate a new “Annual Rate Card” for the next calendar year. The MSRB anticipates that any such proposed rule change would be filed to be effective as of January 1 of each calendar year and operate until December 31 for that year. In addition to the proposed Rate Card Amendments, the proposed rule change also proposes the Technical Amendments to Rule A–11, Rule A–12, and Rule A–13 to provide greater regulatory clarity for the assessment of fees on MSRB regulated entities under these rules.

Purpose and Description of the Rate Card Amendments

As a self-regulatory organization, the Board discharges its statutory mandate under the Exchange Act by establishing rules for regulated entities, enhancing the transparency of the municipal securities market through technology systems, and publicly disseminating data about the municipal securities market. Consistent with the Exchange Act, the Board funds its activities primarily through the assessment of fees and charges on regulated entities as is necessary or appropriate to defray the costs of operating and administering the Board. The Board, which, consistent with the Exchange Act, consists of a majority of public members as well as members who are associated with and representative of regulated entities, including municipal advisors and dealers,1 directs and oversees the MSRB’s budgeting process to ensure that fees that fund the budget are fair and equitable and independently manages and monitors its financial position on an ongoing basis to ensure that the organization has sufficient revenue and organizational reserves to maintain its operations in accordance with the Act,2 without interruption, even in economic downturns and other unforeseen circumstances.

Current Fee Structure

The Board has previously established, and currently applies, the following fee assessments on regulated entities to ensure the MSRB’s ongoing operations (the “current fee structure”):3 (i) Municipal Advisor Professional Fee: A fee of $1,000 for each covered professional as of January 31 of each year;4 (ii) Initial Registration Fee: A $1,000 one-time registration fee to be paid by each dealer to register with the MSRB before engaging in municipal securities activities and by each municipal advisor to register with the MSRB before engaging in municipal advisory activities;5 (iii) Annual Registration Fee: A $1,000 annual fee to be paid by each dealer and municipal advisor registered with the MSRB;6 (iv) Late Fee: A $25 monthly late fee and a late fee on the overdue balance (computed according to the prime rate) until paid on balances not paid within 30 days of the invoice date by the dealer or municipal advisor;7 (v) Underwriting Fee: A fee amount of $.0275 per $1,000 of the par value paid by a dealer on all municipal securities purchased from an issuer by or through such dealer, whether acting as principal or agent as part of a primary offering (the “Underwriting Fee”);8 (vi) Municipal Funds Underwriting Fee: A fee amount of $.005 per $1,000 of the total aggregate assets for the reporting period (i.e., the 529 savings plan fees on underwriters), in the case of an underwriter (as defined in Rule G–45) of a primary offering of certain municipal fund securities;9 (vii) Transaction Fee: A fee amount of .001% ($0.01 per $1,000) of the total par value to be paid by a dealer, except in

7 Unlike any future amendments, the Rate Card Amendments for Fiscal Year 2023 are expected to be effective for a 15-month period from October 1, 2022 to December 31, 2023.
limited circumstances, for inter-dealer sales and customer sales reported to the MSRB pursuant to Rule G–14(b), on transaction reporting requirements (the “Transaction Fee”); 20 (viii) Technology Fee: 21 A fee of $1.00 paid per transaction by a dealer for each inter-dealer sale and for each sale to customers reported to the MSRB pursuant to Rule G–14(b) (the “Trade Count Fee”); 22 and (ix) Examination Fee: A $150 test development fee assessed per candidate for each MSRB examination. 23

In addition to these fees assessed on regulated entities, the Board also receives revenues from certain other sources, such as investment income, regulatory fine sharing, 24 and MSRB data subscription fees. 25 These revenue sources contribute a much smaller portion to the overall MSRB funding. 26

Board Review of the Current Fee Structure

Early in Fiscal Year 2021, the Board determined that it should review the current fee structure in relation to the MSRB’s long term financial position and near-term anticipated funding needs (the “Fee Review”). Through its Fee Review, the Board sought to identify potential improvements to the MSRB’s current fee structure that would: (i) maintain a fair and equitable balance of reasonable fees and charges among regulated entities; (ii) mitigate the impact of market volatility on the amount of fee revenue actually paid each year 27 and, correspondingly, facilitate the Board’s ability to manage the amount held by the MSRB in organizational reserves year-to-year; and (iii) prudently fund the MSRB’s anticipated near-term operating expenses. 28

Maintaining a Fair and Equitable Balance of Fees. As part of its Fee Review, the Board evaluated the MSRB’s current fee structure to determine whether the fees and charges assessed upon regulated entities remain reasonable, fair, and equitable. Among other factors considered during the Fee Review, the Board: (i) analyzed publicly available data on the revenue models of dealers and municipal advisors across geographic areas; (ii) examined MSRB expense allocations to inform its understanding of how much of the MSRB’s expense budget relates to various activities; (iii) evaluated historical budgeted revenue versus actual revenues generated for the existing fee categories; (iv) gauged the MSRB’s fee distribution across varying business models of dealer and municipal advisory firms; 29 and (v) deliberated upon feedback from stakeholder discussions and prior written comments on the topic of the MSRB’s fees and expenses. 30

20 Rule A–13(d)(ii) (transaction fee on inter-dealer sales) and Rule A–13(d)(iii) (transaction fee on customer sales).

21 As further described herein, the proposed rule change would provide a technical amendment to this provision of Rule A–13 to rename this fee to the “trade count fee.”

22 Rule A–13(d)(vi).

23 Rule A–16, Assessments charged pursuant to Rule A–16 related to such examination fees are not included in the Card Rate Fees that would be amended by this proposed rule change. Given that the rate of assessment for the examination fee historically has been set with the intention of defraying a portion of the overall costs of the MSRB’s professional qualification and testing program, the Board determined that, at this time, it was not beneficial or necessary to incrementally adjust the rate of assessment of such fee each year through an annual rate setting process. See Exchange Act Release No. 85135 (Feb. 14, 2019), 84 FR 5513 (Feb. 21, 2019) File No. SR–MSRB–2019–02 (stating the examination fee is intended to partially offset the overall program costs to the MSRB (professional qualification and testing program). See also discussion infra under “Board Review of the Current Fee Structure” and “Proposed Annual Rate Card Approach.”

24 The MSRB charges data subscription fees for subscribers, including regulated entities and non-regulated entities, seeking direct electronic delivery of municipal trade data and disclosure documents associated with municipal bond issues. This information is also available without direct electronic delivery on the MSRB’s Electronic Municipal Access (“EMMA”) website without charge.

25 For example, fine-sharing revenue amounted to approximately 0.9% of the MSRB’s overall revenue in Fiscal Year 2021 (or approximately $322,000), 3.3% in Fiscal Year 2020 (or approximately $1.5 million), and 0.4% (or approximately $151,000) in Fiscal Year 2019. See MSRB 2021 Annual Report, available at https://www.msrb.org/-/media/Files/Resource/MSRB-2021-Annual-Report.aspx.

26 Given that this revenue is collected by FINRA and the SEC for violations of MSRB rules and the fact that the Board does not set the rates of assessment for the collection of such fees, the Board does not believe that it is appropriate to separately consider fine-sharing revenue for potential rebates to regulated entities by operation of the proposed Annual Rate Cards and the annual rate setting process.

27 See, e.g., Exhibit 3(a), “Chart 8—Historical Actual Expenses,” “Chart 9—Historical Budgeted Expense by Function.”

28 See, e.g., Exhibit 3(a), “Chart 9—Historical Budgeted Expense by Function.”

29 See Exhibit 3(a), “Chart 1—Historical Revenue Variance Budget vs. Actual.”

30 As non-exhaustive examples, the Board considered fee distribution across the business models of: (i) small, medium, and large firms, (ii) dually registered firms versus firms registered only as dealers or municipal advisors, and (iii) firms that engage in underwriting activities versus secondary market activities. See also Exhibit 3(b), “Chart 14—Distribution of Registrants by Range of Total Fees Assessed Under Current Fee Structure Compared to Projected Distribution Under the Rate Card Model (Exclusive of Late Fees and Examination Fees).”


See, e.g., Exhibit 3(a). See also Exhibit 3(a), “Chart 2—Historical Activity Volume Variance Budget to Actual.”

32 See, e.g., Exhibit 3(a). See also Exhibit 3(a), “Chart 1—Historical Revenue Variance Budget: Budget vs. Actual” and “Chart 2—Historical Budget vs. Actual Revenue for the Rate Card Fees.”
Based on these factors considered, the Board seeks to establish a reasonable fee structure that ensures long-term sustainability and continues to believe that its overall fee structure is reasonable, achieves general equity across its regulated entities, and correlates fees with those firm components that drive the MSRB’s regulatory costs to the extent feasible. However, as further discussed below, the Board has determined that the current fee structure could be improved with certain process changes and is proposing rule amendments to address the challenges associated with (i) the revenue impact of market volatility and (ii) the MSRB’s anticipated near-term funding needs.

Mitigating the Impact of Market Volatility. As part of the Fee Review, the Board analyzed the historical revenue generated under the MSRB’s current fee structure as compared to the historical amounts budgeted over the same fiscal years. While the various fees paid by regulated entities have, in some recent fiscal years, marginally exceeded or underperformed their budgeted amounts, the Board found that the amount of the three Market Activity Fees collected have often exceeded their annual budget targets by more than marginal amounts.\(^{41}\) The Board also found that the recurring variances between budgeted amounts and actual amounts of the Market Activity Fees, collected, resulting from the inherent imprecision associated with budgeting future market volumes related to underwriting and trading activity that exists within the overall dynamic of the municipal securities market, directly contributed to the periodic build-up of excess reserves and, consequently, precipitated the need for the MSRB to use rebates or temporary fee reductions as a mechanism to rightsize organizational reserve positions back to the Board’s target.\(^{42}\) Based on these causal links between fluctuations in market activity year-to-year, variances in the amount of Market Activity Fees actually collected versus budgeted amounts, and the need for rebates or temporary fee reductions to rightsize organizational reserves, the Board prioritized the identification of alternative fee approaches that would better mitigate the impact of the inevitable, year-to-year fluctuations in activity in the municipal securities market and, as a result, provide more certainty to regulated entities.

After considering alternatives, the Board first determined that the Municipal Advisor Professional Fee and the current set of Market Activity Fees—i.e., Underwriting Fees, Transaction Fees, and Trade Count Fees—remain the most reasonable and practical mechanisms for assessing fees on regulated entities and so should not be replaced with alternative fee mechanisms. The Board came to this determination primarily because it continues to believe that the respective mechanisms for assessing the Municipal Advisor Professional Fee and the Market Activity Fees remain superior to potential alternatives—some of which may require establishing significantly more burdensome recordkeeping and reporting requirements to achieve comparatively greater precision in the alignment of the total amount of the fees assessed on a given firm with such firm’s total regulated activities;\(^{43}\) and, therefore, these fee mechanisms remain the best option among alternatives to ensure that the amount of the Municipal Advisor Professional Fee and Market Activity Fees paid by a given firm is (i) appropriately balanced to the burdens and benefits of the MSRB’s regulatory and transparency activities, and also (ii) generally proportional to the differing resources devoted to the regulation of firms with different business models and differing degrees of complexity.\(^{44}\) These existing fee approaches...
methods also have the advantage of being established mechanisms for assessing fees on regulated entities; and, in this regard, the Board believes that maintaining this current set of fee methods is more advantageous than other alternatives because firms already understand and have embedded such assessments into their business operations.

While the Board determined that the mechanisms for assessing the Municipal Advisor Professional Fee and the Market Activity Fees should not be replaced, the Board also determined it would be beneficial to refine its approach to review and amend these fee rates for each calendar year on an annual basis going forward. Specifically, to avoid the MSRB accumulating excess reserves through the collection of fee revenue above budgeted amounts over multiple fiscal years and then utilizing short-term fee reductions to return the excess revenues to the regulated entities who paid the fees, the Board is proposing to review and incrementally refine the rates of assessment for each of these fees each year.

This revised approach would more closely align the rates of assessment for the Municipal Advisor Professional Fee and the Market Activity Fees to the MSRB’s annual revenue requirements, including by factoring revenue surpluses and shortfalls against budgeted amounts for each of these fees from the prior year directly into the annual rate calculation process. As further described in the section below entitled “Proposed Annual Rate Card Approach,” the Board’s proposed approach would (i) better mitigate the impact of market volatility on the MSRB’s revenue structure and, consequently, better mitigate the impact of market volatility on the MSRB’s organizational reserves, and (ii) maintain rates within a reasonably predictable range that, while subject to more incremental changes each year, would provide regulated entities a comparably more stable fee structure over the long term than the MSRB’s current fee structure.45

45 Fees Assessed Under Current Fee Structure Compared to Projected Distribution Under the Rate Card Model (Exclusive of Late Fees and Examination Fees).” See also Release No. 34–87075 (Sep. 24, 2019), 84 FR 51698 (Sep. 30, 2019) File No. SR–MSRB–2019–11 (providing for increases to the Municipal Advisor Professional Fee and discussing the superiority of maintaining the Municipal Advisor Professional Fee in light of possible alternatives that would require creating a novel and, therefore, likely more burdensome reporting requirement).

Funding the MSRB’s Anticipated Near-Term Operating Expenses. In addition to analyzing the impact of variable market activity as part of its Fee Review, the Board also analyzed the MSRB’s current budget projections for Fiscal Year 2023 and the anticipated funding needs in the near term beyond Fiscal Year 2023.46 Specific to the projections for Fiscal Year 2023, the MSRB’s pro forma estimate currently anticipates an operating deficit for the twelve-month period, based on preliminary projected expenses and projected revenue under the current fee structure (and without the proposed Rate Card Amendments). Beyond Fiscal Year 2023, the Board assumed at least modest expense growth in the near-term fiscal years in line with the MSRB’s ten-year compound annual growth rate,47 particularly in consideration of the current impacts of inflation and other key expenses associated with modernizing and operating the MSRB’s technology systems. Based on these budgetary expectations, the Board analyzed options for how expense control and additional revenue generation could address both the projected operating deficit for Fiscal Year 2023 and the likelihood of expense growth in future near-term fiscal years.

In terms of expense control, the MSRB remains committed to responsibly managing expenses and aligning its resources to the fulfillment of the Board’s statutory mandate.48 Accordingly, the Board reviewed anticipated expenses against various factors, including (i) the MSRB’s Strategic Plan—Fiscal Years 2022–2025;49 (ii) actual historical expenses versus budgeted expenses for certain years (distinguishing between ratable and non-ratable expenses); 50 and (iii) stakeholder feedback and comments.51 Based on these and other aspects of its Fee Review, the Board determined that the MSRB’s Strategic Plan should serve as the main budgetary guidepost for how the MSRB allocates its limited resources and resolves competing fiscal priorities, particularly because various stakeholders provided significant written input regarding the Strategic Plan. 52 Consequently, the Board determined that the MSRB’s expenditures in Fiscal Year 2023 and future near-term fiscal years generally should align with the expenses necessary to discharge its statutory mandate in accordance with the Strategic Plan.53 As a result, at least modest expense growth, in line with the MSRB’s ten-year compound annual growth rate,54 is assumed given various considerations, including the current Strategic Plan’s emphasis on the modernization of the MSRB’s technology systems and the MSRB’s ongoing efforts to advance the quality, accessibility, security, and value of the MSRB’s market data for all participants in the municipal securities market. The Board will continue to actively monitor and manage its financial position to ensure prudent expense alignment to the MSRB’s statutory mandate and the corresponding objectives of the MSRB’s Strategic Plan.

In terms of revenue, the Board determined that the current fee structure should be amended to increase total revenue and, thereby, reduce the likelihood of a near-term operating deficit for Fiscal Year 2023.55 The Board is proposing to raise this additional revenue in accordance with a new rate setting approach as described in the following section entitled “Proposed Annual Rate Card Approach.” The Board considered comments from regulated entities about the consequences associated with the MSRB collecting more fee revenue than needed.

46 Specific to the scope of the Board’s near-term funding analysis, the Board considered various funding scenarios for Fiscal Year 2023 through Fiscal Year 2025. See, e.g., Exhibit 3(a), “Chart 8—Historical Actual Expenses” (showing a ten-year historical compound annual growth rate of 4.2%); “Chart 10—Historical and Projected Revenue without Rate Card Model Compared to Historical and Pro Forma Expenses,” “Chart 11—Historical and Projected Revenue with Rate Card Model Compared to Historical and Pro Forma Expenses.”

47 See Exhibit 3(a), “Chart 8—Historical Actual Expenses.”

48 See, e.g., “Controlling Expenses” in MSR’s Strategic Plan’s emphasis on the accessibility, security, and value of the MSRB’s market data for all participants in the municipal securities market.

49 See also Exhibit 3(a), “Chart 5—Historical Effective Fee Rate Changes.”

50 See Exhibit 3(a), “Chart 6—Historical Expense Variances: Budget vs. Actual” and “Chart 9—Historical Budgeted Expense by Function.”

51 See, e.g., Stakeholder Comments to the MSRB’s Strategic Plan’s emphasis on the modernization of the MSRB’s technology systems and the MSRB’s ongoing efforts to advance the quality, accessibility, security, and value of the MSRB’s market data for all participants in the municipal securities market.

52 The Board is proposing to raise this additional revenue in accordance with a new rate setting approach as described in the following section entitled “Proposed Annual Rate Card Approach.” The Board considered comments from regulated entities about the consequences associated with the MSRB collecting more fee revenue than needed.

53 The MSRB notes that its anticipated expenditures for the near-term fiscal years beyond Fiscal Year 2023 are subject to greater uncertainty caused by the higher potential for changing circumstances and, correspondingly, its budgetary assumptions for these years are also less certain.

54 See Exhibit 3(a), “Chart 8—Historical Actual Expenses.”

55 See Exhibit 3(a), “Chart 10—Historical and Projected Revenue without Rate Card Model Compared to Historical and Pro Forma Expenses” and “Chart 11—Historical and Projected Revenue with Rate Card Model Compared to Historical and Pro Forma Expenses.”
and with the MSRB maintaining organizational reserves in excess of what is required. In response to such concerns, the Board has undertaken significant efforts to determine the level of organizational reserves needed and, correspondingly, refined and reduced its organizational reserves target. To bring the MSRB’s excess organizational reserves in-line with this refined target, the Board has intentionally budgeted operating deficits in recent fiscal years, primarily by temporarily reducing certain fees on regulated entities and, thereby, collecting less revenue as a result of those fee reductions. At the same time, the Board has designated funds from the MSRB’s organizational reserves for necessary multiyear systems modernization initiatives, which has further aligned organizational reserves to target. As a result of these efforts, the MSRB’s organizational reserves presently are on track to be aligned with the Board’s reserves target for Fiscal Year 2023, which is $37.7 million. In this way, while the Board determined that additional funding is needed for Fiscal Year 2023, the Board also determined that such funding would be best obtained through an increase in fees as opposed to the further drawing down of organizational reserves below target.

Proposed Annual Rate Card Approach
Consistent with the Board’s analysis and conclusions discussed above, the Board proposes to amend the Municipal Advisor Professional Fee assessed pursuant to Rule A–11 and the Market Activity Fees assessed pursuant to Rule A–13 (i.e., the Rate Card Fees).

Underlying the proposed textual amendments to Rule A–11 and Rule A–13 is a revised fee approach to better mitigate the impact of market volatility on the MSRB’s revenue structure and organizational reserves levels and maintain rates within a reasonably predictable range that, while subject to more incremental changes each year, would provide regulated entities a comparably more stable fee structure over the long term than the MSRB’s current fee structure. The Board anticipates reviewing the Rate Card Fees each year and, as may be necessary, modifying them through the filing of a proposed rule change with the Commission. When necessary, these proposed rule changes will establish an Annual Rate Card with amended rates of assessment for each of the four fees on regulated entities that make up the Rate Card Fees (i.e., Underwriting Fees, Transaction Fees, Trade Count Fees, and Municipal Advisor Professional Fees). Subsequent to the Annual Rate Card described in this proposed rule change, the Board anticipates that any future proposed rule change enumerating the Annual Rate Cards to be effective as of January 1st of each calendar year beginning with January 1, 2024.

The Annual Rate Card approach conducted by the Board is expected to ensure the MSRB’s financial model remains sustainable, while (i) adequately funding future MSRB expenses and also (ii) providing a greater degree of flexibility than the MSRB’s current fee structure to mitigate the impact of market volatility (and effectively manage organizational reserve levels). The Annual Rate Card approach differs from the MSRB’s current approach by instituting a framework that can result in more frequent, but also more incremental adjustments, to the four fees that generate the vast majority of the MSRB’s annual revenue. The increased frequency of the MSRB’s amendments to the Rate Card Fees is meant to avoid the accumulation of excess reserves resulting from additional revenue collected due to market volatility as compared to budget expectations and, thereby, the need for rate amendments in the form of more significant, ad hoc temporary fee reductions or rebates.

To ensure that the Board’s adjustments to the Annual Rate Card will remain incremental, the Board is proposing certain maximum caps on the amount of such year-to-year increases, as discussed below under the section entitled “Limitations on Rate Changes to Promote Predictability and Stability.”

rule change and the MSRB would seek to have such rates operative for twelve months running from January 1 to December 31 (i.e., a calendar-year basis). In order to execute the Annual Rate Card Process, the MSRB determined to establish the Annual Rate Card on a calendar-year basis. This allows the MSRB to determine any prior fiscal year variances and return excess revenue or assess revenue shortfalls through the new Rate Card Fees. Nevertheless, as changing market conditions may warrant, the MSRB will retain the flexibility to amend the rates of assessment specified by a given Annual Rate Card under this modified approach in accordance with applicable statutory requirements governing any such proposed rule change.

The proposed rule change would not amend the underlying activities that are subject of such assessments. In other words, the respective volumes of underwriting and transaction activities of a dealer firm would continue to serve as the basis upon which Market Activity Fees are assessed under Rule A–13; and the number of covered entities, which the rate of the Municipal Advisor Professional Fee is assessed under Rule A–11. Other fees assessed on regulated entities—specifically, the annual registration fee, late registration fee, and examination fees—will be unchanged.

If the proposed rule change becomes operative on October 1, 2022, the MSRB’s revised funding policy, which reflects this approach, will likewise become operative. There are maximum caps incorporated into the Annual Rate Card Process (as defined infra) and specifically provided for under Supplementary Material .01 of the proposed amendments to Rule A–11 and Rule A–13. See related discussion infra under “Limitations on Rate Changes to Promote Predictability and Stability.”

See Exhibit 3(a), “Chart 13—Total Reserves vs. Target: Historical and Projected with Rate Card Model.”
Objectives of the Annual Rate Card. Adjustments to the Annual Rate Card will be used to revise the Rate Card Fees to annual levels that the MSRB anticipates will be sufficient to: (i) cover anticipated expenses for the related fiscal year; (ii) maintain target contribution balances between fees on regulated entities in line with recent historical precedents; (iii) address any prior-year variance between the amounts of each of the Rate Card Fees actually collected versus budget (i.e., "Rate Card Fee Variances"); and (iv) address any variance between the amount of the Board’s organizational reserves versus the Board’s target (i.e., "Reserves Variance"). Fee rates may increase year-to-year, subject to certain limitations discussed in additional detail below, or decrease from year-to-year, as needed to meet these objectives.

Process for Setting the Annual Rate Card. The Board will develop an Annual Rate Card for future fiscal years through a uniform process consistent with the objectives discussed above (the "Annual Rate Card Process"). The Annual Rate Card Process is intended to establish a fee structure that is more transparent and predictable for the MSRB’s stakeholders while also retaining the Board’s ability to flexibly react to changing circumstances when establishing reasonable fees on regulated entities. The Annual Rate Card Process will consist of the activities below.

Development of the Fiscal Year Operational Funding Level. Consistent with its existing budgeting process, the Board will approve an Annual Rate Card for future fiscal years and thereby, establish the baseline revenue that the organization will need to fund that fiscal year (i.e., the "Operational Funding Level"). As previously discussed, the MSRB anticipates the Operational Funding Level in the near-term fiscal years to align with the discharge of the Board’s statutory mandate and corresponding initiatives outlined in the MSRB’s current Strategic Plan. Once the Board sets the Operational Funding Level, any Reserves Variances may further adjust the amount of the Operational Funding Level, as discussed below.

Reconciliation of Any Material Reserves Variance. If there are material Reserves Variances in future fiscal years, the amount of such Reserves Variance will be considered and may be added to or subtracted from the Operational Funding Level to develop a final "Budgeted Revenue Target" for a given fiscal year. For example, if there is a Negative Reserves Variance, the Board may determine, in accordance with the its revised funding policy, that some or all of the reserves shortfall may be incorporated into the total revenue that needs to be collected for that fiscal year. Conversely, if there is a material negative variance below the reserves target may occur, for example, due to an increase in actual expenses, shortfall in revenue from sources other than Rate Card Fees, or the Board’s determination to decrease the reserves target in light of revised organizational needs (a "Positive Reserves Variance").

Positive Reserves Variance, the Board may determine, in accordance with its revised funding policy, that some or all of the excess may offset an amount of the total revenue that needs to be collected for that fiscal year. Incorporation of Other Anticipated Revenue. Revenue from sources other than the Rate Card Fees (e.g., annual and initial fees, data subscriptions, municipal fund underwriting fees and fine revenue), will be forecasted, and that estimate will be credited against the Budgeted Revenue Target. The amount remaining after these revenue estimates are incorporated will be the remaining revenue amount that will determine the total amount of funding needed to be generated from the Rate Card Fees (the "Rate Card Funding Amount").

Reconciliation of Any Rate Card Fee Variance from the Prior Fiscal Year. Each of the four Rate Card Fees will be responsible for a proportionate amount of the overall Rate Card Funding Amount (each a "Proportional Contribution Amount"). The MSRB will maintain a fair and equitable balance of

66 As noted, the MSRB anticipates that, subsequent to the Annual Rate Card proposed herein and currently anticipated to be operative for the five-month period from October 1, 2022 to December 31, 2023, future Annual Rate Cards would become effective, after such submission to the Commission pursuant to the provisions of Section 19(b)(1) of the Exchange Act, on January 1, while the MSRB fiscal year would start on the prior October 1. See also Exhibit 3(a). "Chart 11—Historical and Projected Revenue with Rate Card Model Compared to Historical and Pro Forma Expenses."

67 That is, this factor is intended to maintain a proportionate amount of the MSRB’s anticipated expenses for the fiscal year among each of the three fee structures (underwriting, transaction and municipal advisory fees). The Rate Card Fees proposed in this filing were established based on the following target contribution balances: Underwriting Fee 37%, Transaction Fee 39%, and Municipal Advisory 16%. Municipal Advisory Transaction Fee 8%. See, e.g., Exhibit 3(a), "Chart 3—Historical Actual Revenue for the Rate Card Fees as a Percentage of the Total Rate Card Fee Revenue" and "Chart 14—Distribution of Registrants by Range of Total Fees Assessed Under Current Fee Structure Compared to Previous Distribution Under the Rate Card Model (Exclusive of Late Fees and Examination Fees)" (reflecting that the distribution of registrants by range of total fees assessed under the current fee model is currently anticipated to be relatively stable if the proposed Rate Card Amendments are implemented).

68 A positive variance may occur, for example, when the actual revenue from Rate Card Fees collected for a fiscal year exceeds budgeted amounts (a "Positive Rate Card Fee Variance"). See, e.g., Exhibit 3(a), "Chart 2—Historical Budget vs. Actual Revenue for the Rate Card Fees," at Fiscal Year 2020 (reflecting the actual revenue generated from the Technology Fee exceeding budget). A negative variance may occur, for example, when the actual revenue from Rate Card Fees collected for a fiscal year is below budgeted amounts (a "Negative Rate Card Fee Variance"). See, e.g., Exhibit 3(a), "Chart 2—Historical Budget vs. Actual Revenue for the Rate Card Fees," at Fiscal Year 2020 (reflecting the actual revenue generated from the Technology Fee below budget).

69 A positive variance above the reserves target may occur, for example, due to actual expense savings, actual revenue above budget from sources other than Rate Card Fees, or the Board’s determination to decrease the reserves target in light of revised organizational needs (a "Positive Reserves Variance"). See, e.g., Exhibit 3(a), "Chart 12—Total Reserves vs. Target: Historical and Projected without Rate Card Model," at Fiscal Year 2021 (reflecting actual reserves exceeding target). A
the Proportional Contribution Amounts in line with recent historical precedents. Specifically, for the Rate Card Fees proposed in this filing intended to be operative beginning on October 1, 2023, the Rate Card Funding Amount was allocated as follows to determine the Proportional Contribution Amount for each of the Rate Card Fees: Underwriting Fee 37%, Transaction Fee 39%, Trade Count Fee 16%, Municipal Advisor Professional Fee 8%. Beginning with the Annual Rate Card for Fiscal Year 2024, any Rate Card Fee Variances between the budget and actual results of the Rate Card Fees for the prior fiscal year will be added to (or subtracted from) the Proportional Contribution Amount (“Final Contribution Amount”). For example, if new issuance underwriting volume were to exceed the budgeted amount in Fiscal Year 2023, resulting in a Positive Rate Card Fee Variance for that fee, the Proportional Contribution Amount for the Underwriting Fee would be adjusted downward sufficient to offset the excess Underwriting Fee revenue collected (and vice versa). In this way, Rate Card Fee Variances related to a specific Rate Card Fee will only impact the Proportional Contribution Amount for that specific fee.

Forecast of Expected Activity and Setting the Annual Rate Card. The MSRB will use the best available information to set expected volume of activity for the coming fiscal year. Based on the anticipated volume of activity, the MSRB will calculate rates of assessment for each of the Rate Card Fees to generate their respective Final Contribution Amounts.

Limitations on Rate Changes to Promote Predictability and Stability. To alleviate the potential for greater uncertainty among regulated entities regarding the variability of the Rate Card Fees under this revised approach, the Board has also established certain limitations on fee increases from year-to-year to promote greater predictability and stability.

10% Maximum Cap on Targeted Revenue. The first limitation is a 10% cap on the maximum increase in the targeted revenue for a Rate Card Fee based on the highest amount of such targeted revenue in the previous two annual rate cards. This cap is intended to limit large increases in the rate of assessment for the Rate Card Fees to ensure that fee increases remain incremental and, accordingly, regulated entities have the time to operationalize such increases into their business models.

25% Maximum Cap on Assessment Rate Increases. The second limitation is a 25% cap on the maximum increase in the assessment rate for a Rate Card Fee based on the highest assessment rate in the previous two annual rate cards. This secondary cap is intended to limit large increases in rates of assessment for the Rate Card Fees in instances where expected volume decreases significantly from the prior year. If the proposed rule change becomes operative on October 1, 2022, the new funding policy, available at https://msrb.org/About-MSRB/Financial-and-Other-Information/Financial-Policies/Future-Funding-Policy, which reflects the Annual Rate Card Process, including the Maximum Cap on Targeted Revenue and the Maximum Cap on Assessment Rate Increases, will likewise become operative.

If the Annual Rate Card Process becomes operative, any future proposed amendment to the rates of assessment for the Rate Card Fees that would exceed the Maximum Cap on Targeted Revenue or the Maximum Cap on Assessment Rate Increases would be addressed in the corresponding proposed rule change that would be filed with the Commission pursuant to the provisions of Section 19(b)(1) of the Exchange Act.

Proposed Rate Card Amendments

The proposed Rate Card Amendments are designed to promote the collection of reasonable fees and charges from MSRB regulated entities as are necessary or appropriate to defray the }

75 More specifically, a Negative Rate Card Fee Variance will increase the rate of assessment for a Rate Card Fee by increasing its Final Contribution Amount. A Positive Rate Card Fee Variance will reduce the rate of assessment for a Rate Card Fee by reducing its Final Contribution Amount. See note 63 supra and related discussion regarding Rate Card Fee Variances.

76 If the full amount of a Negative Rate Card Fee Variance cannot be recaptured in a single year due to these limitations, the remaining amount of such variance will be included in the calculation of the Rate Card Funding Amount for the following fiscal year(s) and, all else being equal, increase the rate of assessment for such Rate Card Fee as described above. Conversely, there are no limits on potential decreases to the rates of assessment for the Rate Card Fees that may result from Positive Rate Card Fee Variances and, if warranted, Positive Reserves Variances.

77 Note that the 10% revenue cap is based on targeted revenue dollars. The underlying market activity volume will likely vary based on projected market conditions for the respective fiscal year. For illustrative purposes only, if the target revenue for one of the Rate Card Fees in Year 1 is $13,000,000, the maximum target revenue in Year 2 would be $14,300,000. In addition, if target revenue decreased in Year 2 to $12,000,000—such as to return excess revenue collected in Year 1—then the cap for Year 3 would be calculated based on the higher revenue target set in the year prior to the decrease (i.e., the higher prior revenue level in Year 1, which is $13,000,000 in this example).

78 Because the rates of assessment for Rate Card Fees are based on both the targeted revenue for the Rate Card Fee and the underlying volume or activity level on which the fee is assessed, the rates themselves are subject to a potentially higher level of variability than the underlying targeted revenue intended to be generated by each fee. As the Annual Rate Card Process returns any Positive Rate Card Fee Variances in the subsequent year, outperforming volume in one year cannot be used to buffer under-performing volume in another year. The 10% maximum cap on assessment rate increases is intended to be the primary limitation on revenue increases. The 25% maximum cap on assessment rate increases is intended to be a supplemental limitation that balances the potential impact of rate changes driven by underlying volume changes while retaining the MSRB’s ability to assess and collect sufficient revenue to fund the organization’s expenses. As an example, if the targeted revenue for the Municipal Advisor Professional Fee was $3,000,000 in Year 1 and the estimated number of covered professionals was 3,000, the Municipal Advisor Professional Fee in Year 1 would be $1,000 per covered professional. In Year 2, the targeted rate for the Municipal Advisor Professional Fee would be no more than $3,300,000, a 10% increase. In Year 3, if the estimated number of covered professionals in Year 2 remained at 3,000, then the Municipal Advisor Professional Fee in Year 2 would be no more than $1,100 per covered professional, also a 10% increase. If instead, the estimated number of covered professionals in Year 2 dropped to 2,500, the Municipal Advisor Professional Fee in Year 2 would be limited to $1,250, a 25% increase. In this scenario, if the estimated number of covered professionals in Year 2 increased to 4,000, the maximum cap on the assessment rate increase results in less revenue collected from the Municipal Advisor Professional Fee in Year 2 than targeted, the amount of the Negative Rate Card Fee Variance for the Municipal Advisor Professional Fee would be incorporated into the Annual Rate Card Process in Year 3, again subject to the maximum caps on target revenue and assessment rate increase.
costs and expenses of operating and administering the Board. The Board believes that the Annual Rate Card Process enables it to consider the necessary factors and to sufficiently deliberate on those factors in order to arrive at reasonable fees and charges as may be necessary or appropriate to defray the costs and expenses of operating and administering the Board. Accordingly, among the other reasons discussed herein, the Board believes that the proposed rule change achieves reasonable fees and charges consistent with the Act because the Rate Card Amendments adhered to the Annual Rate Card Process. Specifically, the Board (i) developed the Operational Funding Level for Fiscal Year 2023 based on existing pro forma estimates, (ii) incorporated other anticipated revenue into its funding analysis, and (iii) forecasted expected volume activity to appropriately set the rates of assessment for each of the Rate Card Fees, all as further described above.

Proposed Annual Rate Card. The Rate Card Amendments would establish the Municipal Advisor Professional Fee specified in Rule A–11 and the Market Activity Fees specified in Rule A–13 in accordance with the chart below.

<table>
<thead>
<tr>
<th>Activity Fee</th>
<th>Basis</th>
<th>Current rate</th>
<th>Proposed rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underwriting Fee</td>
<td>Per $1,000 Par Underwritten</td>
<td>$0.0275</td>
<td>$0.0297</td>
</tr>
<tr>
<td>Transaction Fee</td>
<td>Per $1,000 Par Transacted</td>
<td>0.0100</td>
<td>0.0107</td>
</tr>
<tr>
<td>Trade Count Fee</td>
<td>Per Trade</td>
<td>1.00</td>
<td>1.10</td>
</tr>
<tr>
<td>Municipal Advisor Professional Fee</td>
<td>Per Covered Professional</td>
<td>1,000</td>
<td>1,060</td>
</tr>
</tbody>
</table>

These revised rates would become effective on October 1, 2022 and are expected to apply to activities occurring through December 31, 2023. The Board anticipates amending the rates of assessment specified in this proposed Annual Rate Card with a subsequent rule filing with the Commission that would become effective as of January 1, 2024.82 Purpose and Description of the Technical Amendments

Consistent with the Board’s Fee Review, the MSRB identified instances across Rule A–11, Rule A–12, and Rule A–13 where amendments would improve the clarity of application of these MSRB rules. Specifically, the MSRB determined that Rule A–11, Rule A–12, and Rule A–13 could benefit from: (i) the creation of defined terms for existing concepts that would help streamline the rule text and improve readability; (ii) the clarification of existing terms and concepts through the consolidation of previously published regulatory guidance into the proposed rule change and the direct incorporation of cross-referenced definitions from other MSRB rules into the proposed rule change; and (iii) the deletion of obsolete rule language to streamline the rule text and avoid the potential for regulatory confusion as to why such obsolete language continues to be incorporated into MSRB rules. Accordingly, the proposed rule change would also amend Rule A–11, Rule A–12, and Rule A–13 with certain technical, non-substantive amendments.

81 The Rate Card Fees listed do not indicate the current temporary fee reductions for the Market Activity Fees that expire on September 30, 2022. See Rule A–13(h) and the 2021 Temporary Fee Reduction (citation and description at note 12 supra).
82 The Rate Card Amendments are intended to revise the rates of assessment for the Market Activity Fees prior to the expiration of the 2021 Temporary Fee Reduction on October 1, 2022.
prior to the date such charge is computed." Given that this proposed definition is the same as the one currently provided in the MSRB Registration Manual, the MSRB believes this amendment is a technical, clarifying amendment to the rule text that would improve regulatory understanding of Rule A–11 and would not modify any existing regulatory burdens or obligations, nor create any new regulatory burdens or obligations. Moreover, the MSRB believes that moving this language directly into Rule A–11 consolidates the operative regulatory text and, thereby, is likely to lead to less regulatory confusion for regulated entities, who would no longer have to separately reference Rule A–11 and the MSRB Registration Manual.

Technical Amendments to Rule A–12

The proposed Technical Amendments would amend Rule A–12 to (i) eliminate its existing reference to Rule A–13 regarding the imposition of late fees under Rule A–13; (ii) delete the now obsolete language in Supplementary Material .01 regarding the temporary suspension of late fees from March 1, 2020 to July 1, 2020; and (iii) directly incorporate the definition for “Prime Rate” into the text of the rule. In terms of deleting the reference to the imposition of late fees owed pursuant to Rule A–13, the MSRB believes that regulatory clarity would be improved if this fee concept was deleted from Rule A–12 and incorporated directly into Rule A–13. The proposed amendment to Rule A–13 that would incorporate this concept in an amendment to that rule text and, thereby, retain this fee concept in the MSRB’s fee structure is discussed in the following section. Notably, the deletion of this fee concept in Rule A–12 and its incorporation in Rule A–13 would not change the MSRB’s current method for calculating and applying the amount of such late fees; and, therefore, the MSRB believes it is a technical, clarifying amendment to the rule text that improves its readability and does not modify any existing regulatory burdens or obligations, nor create any new regulatory burdens or obligations.

In terms of deleting the language in Supplementary Material .01 of Rule A–12, the language is no longer operative at this time and, therefore, the MSRB believes that deleting it from the rule text would improve the clarity of the application of Rule A–12. Specifically, the deletion of the text of Supplementary Material .01 from Rule A–12 would help streamline the rule text and reduce the potential for regulatory confusion as to why it continues to be included in the text of the rule.

In addition, the proposed Technical Amendments to Rule A–12 would strike the reference to the MSRB Registration Manual from subsection (d) and directly incorporate the definition for “Prime Rate” in Supplementary Material .01. The new definition provided in Supplementary Material .01 would match the existing definition provided for in the MSRB Registration Manual, stating that “...the Prime Rate is the annual rate of the commercial prime rate of interest as last published in The Wall Street Journal prior to the date such charge is computed.” Given that this proposed definition is the same as the one currently provided in the MSRB Registration Manual, the MSRB believes this amendment is a technical, clarifying amendment to the rule text that would improve regulatory understanding of Rule A–12 and would not modify any existing regulatory burdens or obligations, nor create any new regulatory burdens or obligations. Moreover, the MSRB believes that moving this language directly into Rule A–12 consolidates the operative regulatory text and, thereby, is likely to lead to less regulatory confusion for regulated entities, who would no longer have to separately reference Rule A–12 and the MSRB Registration Manual.

Technical Amendments to Rule A–13

The proposed Technical Amendments would amend Rule A–13 to: (i) reformat and clarify the definition of “primary offering” consistent with the historical understanding and current application of Rule A–13; (ii) further clarify that certain transactions in municipal securities must meet the definition of a “variable rate demand obligation” or “VRDO” under Rule G–34, onCUSIP numbers, new issue, and market information requirements, in order to be exempt from Transaction Fees pursuant to Rule A–13(d)(iii)(c)’s subsection identifying “Transactions Not Subject to Transaction Fee”; 83 (iii) uniformly revise Rule A–13’s references to the term “technology fee” to “trade count fee;” (iv) incorporate the existing concept regarding the imposition of late fees into the rule text (which concept currently exists in Rule A–12, but is being deleted from Rule A–12 as part of the proposed amendments, as discussed above); (v) delete the language that would become obsolete on September 30, 2022 regarding the temporary fee reduction of the Market Activity Fees for activities occurring between April 1, 2021 through September 30, 2022; (vi) delete the now obsolete language in Supplementary .01 regarding the waiving of certain assessments for transactions with the Municipal Liquidity Facility established by the Federal Reserve Board of Governors; (vii) directly incorporate the definition for “Prime Rate” into the text of the rule; and (viii) correct an inaccurate cross-reference in the definition of “commercial paper”.

The proposed Technical Amendments regarding the definition of primary offering for purposes of Rule A–13 would reformat the existing definition to the first subsection of the rule, as well as incorporate clarifying revisions expressly codifying the existing application of Rule A–13 to private placements.84 Specifically, the proposed amendment would incorporate text expressly stating that, consistent with the definition for the same term found in Rule 15c2–12(f)(7) under the Act,85 certain circumstances where a dealer acts as an agent for an issuer to arrange the placement of a new issue of municipal securities would be included in the definitional scope of a “primary offering” under Rule A–13.

Accordingly, the MSRB believes that these amendments are technical, clarifying modifications to the rule text that (i) would improve the readability of Rule A–13 and facilitate greater regulatory clarity regarding the current application of the Underwriting Fee and (ii) would not modify any existing regulatory burdens or obligations, nor create any new regulatory burdens or obligations.

In addition, the proposed Technical Amendments to Rule A–13 would clarify that only transactions in municipal securities that meet the definition of a “variable rate demand

84 Since the inception of the Underwriting Fee, the application of Rule A–13 has encompassed those primary offerings where a municipal securities dealer acts agent for the issuer arranging the direct placement of new issue municipal securities with institutional customers or individuals. See “Underwriting assessment: application to private placements” (Feb. 22, 1982), available at https://msrb.org/Rules-and-Interpretations/MSRB-Rules/Administrative/Rule-A-13?id=2. Given this amendment to Rule A–13, the February 22, 1982 guidance will be removed from the MSRB rule book as of the operative date of the Technical Amendments and will be archived by relocating it to a dedicated MSRB Archived Interpretive Guidance page at: www.msrb.org/Rules-andInterpretations/Archived-Guidance-Rule-BookReview.aspx. The guidance will be clearly labeled with its date of archival and can be accessed for its historical value.

85 17 CFR 240.15c2–12(f)(7) (stating that the term “primary offering” means “an offering of municipal securities directly or indirectly by or on behalf of an issuer of such securities”).
investment securities that have been tendered for a dealer or municipal securities dealer acts as a "Transactions Not Subject to Transaction Fee." Specifically, the current definitional language in that subsection of Rule A–13 does not precisely match the corresponding definition in Rule G–34. Yet, the MSRB’s internal billing process currently relies on reports made pursuant to Rule G–34’s Short-term Obligation Rate Transparency System and, thereby, Rule G–34’s variable rate demand obligation definition, to identify such transactions that should not be billed under Rule A–13. To avoid the possibility of any potential unintended consequences resulting from the differences between the definition currently stated in Rule A–13 versus the variable rate demand obligation definition in Rule G–34 that is currently utilized for purposes of the MSRB’s internal billing logic, the proposed rule change would amend Rule A–13 to expressly cross-reference Rule G–34(e)(viii) and expressly restate the variable rate demand obligation definition directly in the text of Rule A–13. The MSRB believes that the proposed amendments to expressly incorporate Rule G–34’s variable rate demand obligation definition into Rule A–13 will improve regulatory clarity for regulated entities regarding the MSRB’s billing process and which transactions are exempt from certain fees. In this way, the proposed definition is intended to define the same category of activity and instruments as the existing text of the rule and, all else being equal, would not capture any greater or fewer transactions than the current application of the Rule A–13.

As previously mentioned above, the proposed Technical Amendments would uniformly revise Rule A–13’s references to the term “technology fee” to the term “trade count fee.” The MSRB believes that this non-substantive change is warranted because the use of the phrase "technology fee" is outdated. The MSRB believes “trade count” fee is a better descriptor because the revenue generated from this fee is not strictly used for technology expenses but is aggregated with the other fee revenue this MSRB collects and utilized for the most appropriate organizational uses. Accordingly, the MSRB believes that the term “trade count fee” is a more accurate descriptor and, thereby, less likely to lead to regulatory confusion about this fee.

Consequent with Technical Amendments to Rule A–11 and Rule A–12, the proposed Technical Amendments to Rule A–13 would also copy language into new Rule A–13(g) incorporating the existing concept currently articulated in current Rule A–12(d) regarding the imposition of late fees on the fees assessed pursuant to Rule A–13. As noted above, currently, the operative rule text for this late fee concept is provided for in Rule A–12(d), and the proposed rule change would delete this language from Rule A–12(d) specific to Rule A–13’s fees. Importantly, the incorporation of this language directly into new Rule A–13(g) would not change the MSRB’s current method for calculating and applying the amount of such late fees; and, therefore, the MSRB believes it is a technical, clarifying amendment to the rule text that improves the readability of both Rule A–12 and also Rule A–13 and would not modify any existing regulatory burdens or obligations, nor create any new regulatory burdens or obligations. The MSRB believes that moving this language into Rule A–13 consolidates the operative regulatory text and, thereby, is likely to lead to less regulatory confusion for regulated entities, who would no longer have to separately reference Rule A–12 to identify that such late fees were applicable to the fees assessed pursuant to Rule A–13.

Relatedly, and similar to the proposed amendments to Rule A–11 and Rule A–12 on the same topic of late fees, the proposed Technical Amendments to Rule A–13 would also directly incorporate the definition for “Prime Rate” in new Supplementary Material .02. This definition provided in Supplementary Material .02 would match the current definition provided in the MSRB Registration Manual, stating that “. . . the Prime Rate is the annual rate of the commercial prime rate of interest as last published in The Wall Street Journal prior to the date such charge is computed.” Given that this proposed definition is the same as the one currently provided for in the MSRB Registration Manual, the MSRB believes this amendment is a technical, clarifying amendment to the rule text that would improve regulatory understanding of Rule A–13 and would not modify any existing regulatory burdens or obligations, nor create any new regulatory burdens or obligations.

In addition, the proposed Technical Amendments to Rule A–13 would delete the language that would become obsolete on September 30, 2022, regarding the temporary fee reduction of the Market Activity Fees for those activities occurring between April 1, 2021 through September 30, 2022. Given the MSRB’s proposed effective date for this proposed rule change, the MSRB believes that this deletion would improve regulatory clarity for regulated entities because this language would no longer be operative as of October 1, 2022, and, therefore, its continued inclusion in the rule text may cause regulatory confusion. Similarly, the proposed Technical Amendments would delete the now obsolete language in Supplementary .01 of Rule A–13 regarding the waiving of certain assessments for transactions with the Municipal Liquidity Facility (the “MLF”) established by the Federal Reserve Board of Governors. Given that the MLF and the language used to reference it here is no longer operative, the MSRB believes that this deletion would improve regulatory clarity for regulated entities.

Lastly, consistent with all the other proposed Technical Amendments to Rule A–13, the proposed rule change would also reformat the applicable subsections of Rule A–13 with the appropriate subsection designation and update the applicable cross-references in the rule text, including correcting the inaccurate cross reference in the definition of “commercial paper” from G–32(d) to G–32(c). These related amendments are merely intended to provide internal consistency to Rule A–13 in light of the other amendments and, therefore, the MSRB believes they are technical, non-substantive amendments.

2. Statutory Basis
Statutory Basis for the Rate Card Amendments

The MSRB believes that the proposed Rate Card Amendments are consistent with Section 15B(b)(2)(J) of the Act, which states that the MSRB’s rules shall provide that each municipal securities broker, municipal securities dealer, and municipal advisor shall pay to the Board such reasonable fees and charges
as may be necessary or appropriate to defray the costs and expenses of operating and administering the Board.88 Such rules must specify the amount of such fees and charges, which may include charges for failure to submit to the Board, or to any information system operated by the Board, within the prescribed timeframes, any items of information or documents required to be submitted under any rule issued by the Board.89

The MSRB believes that the Rate Card Amendments provide for reasonable fees and charges to be paid by regulated entities. Moreover, the MSRB believes that the Rate Card Amendments are necessary and appropriate to fund the operation and administration of the Board and, thereby, satisfy the requirements of Section 15B(b)(2)(J)91 through the achievement of a reasonable fee structure that ensures (i) an equitable balance of necessary and appropriate fees among regulated entities and (ii) a fair allocation of the burden of defraying the costs and expenses of the MSRB.92 Specifically, the Board believes that the Rate Card Amendments will achieve reasonable fees on regulated entities93 that (i) are necessary and appropriate to sustain the operation and administration of the Board by defraying the MSRB's anticipated Fiscal Year 2023 operating and administrative expenses;94 (ii) reasonably and appropriately allocate fees among firms by equitably distributing fees in accordance with each individual firm's overall market activities;95 and (iii) reasonably and appropriately adjust for the annual fluctuations in the volume of market activity as compared to budget expectation by incorporating the actual amounts of Market Activity Fees collected as compared to budget into this and future rate-setting processes.96

As a result, the MSRB believes that the proposed rule change satisfies the applicable requirements of Section 15B(b)(2)(J) of the Act,97 and the Board has developed a reasonable and appropriate fee mechanism that will sufficiently fund future expenses and better manage reserves at appropriate levels.98

Statutory Basis for the Technical Amendments

The MSRB believes that the proposed Technical Amendments are consistent with Section 15B(b)(2)(C) of the Act,99 which states that the MSRB's rules shall be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in municipal securities and municipal financial products, to remove impediments to and perfect the mechanism of a free and open market in municipal securities and municipal financial products, and, in general, to protect investors, municipal entities, obligated persons, and the public interest.100

The MSRB believes that the Technical Amendments would promote just and equitable principles of trade by ensuring that existing rule provisions are accurate and understandable by: (i) creating newly defined terms for existing concepts that will help streamline the
Thus, would not impose any burden on competition, relieve a burden on competition, nor promote competition. The MSRB therefore believes the Annual Rate Card Process would not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act. The increase in the rates of assessment for the Rate Card Fees proposed by the Rate Card Amendments (i.e., the Underwriting Fee, Transaction Fee, Trade Count Fee, and Municipal Advisor Professional Fee) are necessary and appropriate to cover the currently anticipated operating deficit for Fiscal Year 2023, which would have occurred even with the current fee structure, to ensure prudent funding for the operation and administration of the Board. Moreover, the Board’s Rate Card Amendments apply equally to each MSRB regulated entity who may pay the Rate Card Fees and, thereby, equitably and non-discriminatorily distribute the fee burden across all MSRB regulated entities who participate in the municipal securities market. In this way, no firm would be unduly burdened as compared to another firm. In particular, smaller municipal advisory firms would continue to pay less Municipal Advisor Professional Fees than larger municipal advisory firms, and, therefore, the Rate Card Fees proposed by the Rate Card Amendments are not unduly burdensome, comparatively, between small municipal advisory firms and large municipal advisory firms. Because the Rate Card Fees proposed by the Rate Card Amendments would equitably and non-discriminately distribute the fee burden across all MSRB regulated entities, the MSRB believes that the Rate Card Fees proposed by the Rate Card Amendments would not have an impact on competition and, consequently, would not impose any burden on competition, relieve a burden on competition, nor promote competition. Accordingly, the MSRB believes the Rate Card Fees proposed by the Rate Card Amendments would not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act. The Board determined it was necessary and appropriate to conduct a comprehensive review of the MSRB’s overall fee structure to devise a methodology that reasonably and appropriately defrays the costs and expenses associated with operating and administering the Board, with a goal of arriving at a longer-term solution for MSRB’s revenue generation process that continues to ensure a sustainable financial position. The current fee structure has a semipermanent fixed rate of assessment for each of the above categories. Under the proposed Annual Rate Card Process, categories of fees assessed for regulated entities would remain the same. However, the Board proposes using an annual rate-setting method to recalculate fee rates every year for each category based on factors described herein.104

With the proposed Annual Rate Card Process, the Board is adopting a programmatic methodology for assessing the fees in each category. While the current categories of fees divided amongst regulated entities would not change (i.e., the Underwriting Fee, Transaction Fee, Trade Count Fee, and Municipal Advisor Professional Fee) in the proposed Annual Rate Card Process, the proportional share of each category would vary less over the long term than under the current fee structure and would be consistent with the average shares paid by each category of fees in recent fiscal years.105 The proposed Annual Rate Card Process allows the Board to review a change in budgeted expenses compared to the prior year and compare it to the projected market activities for each category of fees in the upcoming year. Any over/under assessment in the prior year within each class of fee payer would be factored into any change in the fee rate for the subsequent year. Fee rates would be established prior to or in the fourth quarter of each calendar year to be effective on the following January 1 and last until December 31. However, for Fiscal Year 2023, the first year of adoption, the effective date would start from October 1, 2022 and end on December 31, 2023 for a fifteen-month period. Following the inaugural fifteen-month Annual Rate Card proposed by the Rate Card Amendments, in subsequent years, the fee rates for each category would be adjusted on a calendar year basis starting in January to compensate for any over/under assessment in the prior fiscal year, in addition to accommodating any change in other considerations (e.g., change in annual expenses, change in projected market volume, prior year revenue variances as compared to budget, change in reserve target and certain limitations on fee increases).

For Fiscal Year 2023, the Board is also projecting a revenue/expense imbalance (i.e., an operating deficit) without a change in the current fee structure.106 In the past, excess organizational reserves buffered budget deficits (though the budgeted deficits were typically not realized due to excess revenue collected versus budget or expense savings, unless intended deficits due to rebates or temporary fee reductions); however, now that the excess reserves are being eliminated because of the Fiscal Year 2021 Temporary Fee Reduction, any deficit would require a fee increase in Fiscal Year 2023 to cover the gap and maintain a balance between revenues and expenses, regardless of the fee structure used. Therefore, the proposed rule change also includes a rate increase for the Underwriting Fee, Transaction Fee, Trade Count Fee, and Municipal Advisor Professional Fee for the Annual Rate Card proposed by the Rate Card Amendments. It should be noted that the Board last raised the rate for the Transaction Fee and technology fee in Fiscal Year 2011 when the technology fee was first imposed, and last raised the rate for the Underwriting Fee more than 20 years ago.107

Necessity of the Rate Card Amendments

The Board believes Rate Card Amendments are necessary and appropriate to:

1. maintain a fair and equitable fee structure without any burden on competition, relieve a burden on competition, or promote competition.

2. better mitigate fee assessment volatility based on Market Activity

104 The SEC and FINRA use this approach for some fees. See SEC Section 31 rate fees: https://www.sec.gov/divisions/marketreg/sec31feesbasicinfo.htm; see also FINRA Trading Activity Fee (TAF) https://www.finra.org/rules-guidance/guidance/trading-activity-fee.

105 See Exhibit 3(a), “Chart 3—Historical Actual Revenue for the Rate Card Fees as a Percentage of the Total Rate Card Fee Revenue,” “Chart 4—Rate Card Fees: Historical Activity Volume Variance Budget to Actual,” “Chart 5—Historical Effective Fee Rate Changes,” and “Chart 14—Distribution of Registrants by Range of Total Fees Assessed Under Current Fee Structure Compared to Projected Distribution Under the Rate Card Model (Exclusive of Late Fees and Examination Fees)” (reflecting that the distribution of registrants by range of total fees assessed under the current fee structure are currently anticipated to be relatively stable if the proposed Rate Card Amendments are implemented), and “Chart 15—Distribution of Registrants by Range of Total Fees Assessed Under Current Fee Structure” (describing the proportion was devised, in addition to the costs of regulatory activities, the cost of servicing each category of fees is also a consideration, as it costs the MSRB significantly more to collect and disseminate trading data for transparency purposes than municipal advisory firm professional data. It should be noted that all regulated entities benefit from this publicly available transparency information.

106 See Exhibit 3(a), “Chart 10—Historical and Projected Revenue without Rate Card Model Compared to Historical and Pro Forma Expenses.”

107 The Municipal advisory firm professional fee was raised three times since inception in Fiscal Year 2014 (Fiscal Year 2016, Fiscal Year 2020, and Fiscal Year 2021).

108 See discussion supra under “Statutory Basis for the Rate Card Amendments” near notes 67 and 88.
 Fees,

which has contributed to the growth of the MSRB’s excess reserves; and (iii) ensure a prudent long-term approach to organizational funding that addresses projected structural operating deficits under the current fee structure in near-term fiscal years.

Because market events, when combined with the current fee structure, partially contributed to the excess reserves in recent years, the Board believes it is reasonable and appropriate to adopt a new approach to reduce the variability over time in fee assessments and mitigate the impact of market volatility over time by adjusting for budget surpluses or shortfalls annually, therefore providing a better mechanism for effectively managing fee rates and reserve levels. In the recent past, higher-than-expected new issue and secondary market volumes caused fees assessed from dealers to exceed budgets and, combined with lower-than-expected expenses, led to increases in reserves. Temporary fee reductions to manage reserve levels. To reduce excess reserves, the Board instituted ad hoc rebates in Fiscal Year 2014 and Fiscal Year 2016 and temporary fee reductions via filings with the Commission for Fiscal Year 2019 and for Fiscal Year 2021 and Fiscal Year 2022 to reduce the excess reserves. As a result, there has been volatility in fee collections (since these are market-based fees) and MSRB’s reserve levels in recent years. The same dynamics could also exist if actual new issue and secondary market activities fail to meet projected volumes, resulting in a revenue shortfall, which would prompt new filings to increase rate assessments to close the gap.

Without devising a new fee approach, it is likely the MSRB would again be forced to deal with large reserve excesses or shortfalls on an ad hoc basis in the future, which would not be a sustainable path going forward. Specifically, the proposed Annual Rate Card Process would (i) better mitigate the impact of market volatility on the MSRB’s revenue structure and, consequently, also better mitigate the impact of market volatility on the MSRB’s organizational reserves, and (ii) maintain rates within a reasonably predictable range that, while subject to more incremental changes each year, would be comparably more stable over the long term than the MSRB’s current fee structure. In this way, the Annual Rate Card Process is intended to establish a fee framework that is more transparent and predictable for the MSRB’s stakeholders that would mitigate market volatility over time, while also retaining the Board’s ability to flexibly react to changing circumstances year-to-year when establishing reasonable fees on regulated entities.

Baseline and Reasonable Alternative Approaches

The current fee assessment structure is used as a baseline to evaluate the benefits, the costs, and the burden on competition of the proposed Annual Rate Card Process. Furthermore, the proposed rate increase for Market Activity Fees and Municipal Advisor Professional Fee for the Fiscal Year 2023 Annual Rate Card would have occurred regardless of which fee structure is adopted since excess reserves are being eliminated through the 2021 Temporary Fee Reduction and the need to cure the Fiscal Year 2023 structural budget deficit; therefore, the Board’s assessment in this section focuses on the comparison of the two fee structures setting aside the increases to the rates of assessment for the Rate Card Fees proposed by the Rate Card Amendments for Fiscal Year 2023 extending to December 2023.

In addition to the proposed new fee rate setting approach, the MSRB also considered a few other fee assessment options but ultimately decided that the proposed Rate Card Fee structure is the best approach to ensure a stable revenue stream for the MSRB while reducing the volatility from Market Activity Fees assessed and the need for ad hoc fee filings with the Commission, without instituting a fundamental change in how the MSRB assesses fees that may disrupt regulated entities’ financial expectations and operations.

For example, one alternative the MSRB reviewed was to include other sources of revenue in the Annual Rate Card Process. The MSRB evaluated whether to include in the variable rate card pool approach the municipal funds underwriting fees, annual fees, and initial fees. However, the MSRB ultimately decided not to include those fees for a variety of reasons, including the fact that each of those fees constitutes a much smaller proportion than the four categories in the proposed Annual Rate Card Process.

Additionally, the Board also considered a different way to apportion fees within each class of fee payer but decided that the proposed Annual Rate Card Process is the best way to achieve proportionate revenue based on the MSRB’s available information, i.e., underwriters pay based on their volume underwritten, trading firms pay based on their trading activities (in par value and trade count), and municipal advisory firms pay based on the headcount of a firm.

A fee assessment method based on a percentage of each municipal advisory firm’s revenue, for example, would not be feasible at this time as it could require establishing a significantly more burdensome recordkeeping and reporting requirement. The MSRB does...
not currently require municipal advisory firms to report such information under existing rules; and, more importantly, many municipal advisory firms would likely have business activities not solely related to municipal advisory services. In addition, it would increase the burden on municipal advisory firms as municipal advisory firms would have the responsibility to collect the relevant information to be used for MSRB’s fee assessment and also would then be required to report it. The MSRB believes at this time that the costs and burdens associated with collecting and reporting such information are not justified, and the Municipal Advisor Annual Professional Fee for each person associated with the firm who is qualified is a reasonable proxy for the size of relevant business activities conducted by each municipal advisory firm.

Benefits, Costs, and Burden on Competition

The proposed amendments to MSRB rules would result in a new fee approach intended to align revenues and expenses more closely and to reduce the year-to-year volatility in the amount of fees assessed (and, as a result, reduce the likelihood of accumulating excess reserves) by targeting each fee category to a pre-determined proportion of the total revenue based on respective projected volumes.119 The proposed Annual Rate Card Process would result in more frequent (annual), but smaller assessments, of the total revenue based on respective projected volumes. The proposed Annual Rate Card Process addresses the following goals and issues the Board identified before initiating the Fee Review and would therefore achieve the intended benefits:

- Mitigate the need for an ad hoc “rebate” process, as any excess revenue would be used to reduce future years’ fees; and
- Lower year-to-year variability in fee assessments, which would smooth out regulated entities’ budget outlays.

For the Annual Rate Card proposed by the Rate Card Amendments, the proposed rate increases for Market Activity Fees,120 which would be applicable to all dealers who conduct municipal market business, and for Municipal Advisor Professional Fee, which would be applicable to all municipal advisory firms, are intended to pay for the expenses of operating and administering the Board, including execution of the MSRB’s Strategic Plan for ongoing technology and data investments, and would occur regardless of which fee structure the MSRB would adopt. Aside from the proposed rate increases for this Annual Rate Card, the Board does not believe the proposed Annual Rate Card Process would create any additional costs for regulated entities when compared to the current fee structure, as the aggregate fees assessed using the proposed Annual Rate Card Process over the course of multiple years would be equivalent to the aggregate fees assessed using the current fee structure, except with less year-to-year fluctuation since over or under revenue assessments related to market volatility would be operationalized through the Rate Card Process.

The proposed Annual Rate Card Process would introduce a new fee structure to reduce year-to-year fluctuation in the amount of market-based fees paid by each regulated entity over time. The MSRB believes that the proposed Annual Rate Card Process would not have an impact on competition and, consequently, would not impose any burden on competition, relieve a burden on competition, nor promote competition. The MSRB believes the proposed rate increase for the Fiscal Year 2023 Annual Rate Card (extending to December 2023) is necessary and appropriate to ensure prudent funding for the Board and that such fee increases are reasonably and fairly designed to be proportionately distributed across regulated entities in such a way that would not harm competition among regulated entities, nor otherwise harm the functioning of the municipal securities market. As a result, the Board does not believe that the proposed rate increase would result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as it would be applicable to all regulated entities. The Board also believes that no firm would be unduly burdened as compared to another firm in terms of the proposed rate increase. Dealers with different levels of underwriting and trading activities as well as municipal advisory firms with a range of headcounts would all be impacted proportionately by the proposed Annual Rate Card Process, including the proposed increases for the rates of assessment for the Fiscal Year 2023 Annual Rate Card.

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

The Board did not solicit comment on the proposed rule change. Therefore, there are no comments on the proposed rule change received from members, participants, or others.121

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

The foregoing rule change related to the Rate Card Amendments has become effective pursuant to Section 19(b)(3)(A) of the Act 122 and paragraph (f) of Rule 19b–4 123 thereunder. Because the foregoing proposed rule change related to the Technical Amendments does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act 124 and Rule 19b–4(f)(6) 125 thereunder. Because the foregoing proposed rule change related to the Technical Amendments does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act 124 and Rule 19b–4(f)(6) 125 thereunder. Because the foregoing proposed rule change related to the Technical Amendments does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act 124 and Rule 19b–4(f)(6) 125 thereunder. Because the foregoing proposed rule change related to the Technical Amendments does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act 124 and Rule 19b–4(f)(6) 125 thereunder.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may

119 See, e.g., related discussion supra under “Proposed Annual Rate Card Approach—Objectives of the Annual Rate Card” and “Proposed Annual Rate Card Approach—Process for Setting the Annual Rate Card.”

120 These increases would be the first rate increases to any of the three Market Activity Fees since Fiscal Year 2011. As mentioned above, the Transaction Fee was last raised in Fiscal Year 2011 and the Trade Count Fee was initiated in Fiscal Year 2011 as the technology fee. The Underwriting Fee was not changed in Fiscal Year 2011 but was last changed in Fiscal Year 2016, when it was reduced. In addition, the annual and initial fees paid by both dealers and municipal advisory firms were last raised in Fiscal Year 2016.

121 The Commission received five comment letters in response to the proposed rule change that the MSRB filed on June 2, 2022, which was subsequently withdrawn on July 21, 2022. This proposed rule change, while fundamentally consistent with the withdrawn filing, seeks to provide further clarification on the MSRB’s annual rate card process in response to those comments. See Exhibit 3(b), “Comparison of Withdrawn Fee Filing to Current Fee Filing.”


temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

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

Electronic Comments

- Use the Commission’s internet comment form (http://www.sec.gov/rules/sro.shtml); or
- Send an email to rule-comments@sec.gov. Please include File Number SR–MSRB–2022–06 on the subject line.

Paper Comments

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

All submissions should refer to File Number SR–MSRB–2022–06. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission’s internet website (http://www.sec.gov/rules/sro.shtml). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission’s Public Reference Room, 100 F Street NE, Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the MSRB. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR–MSRB–2022–06 and should be submitted on or before August 30, 2022.

For the Commission, by the Office of Municipal Securities, pursuant to delegated authority. 126

J. Matthew DeLesDernier,
Deputy Secretary.

[FR Doc. 2022–17002 Filed 8–8–22; 8:45 am]
BILLING CODE 8011–01–P

SMALL BUSINESS ADMINISTRATION

[Disaster Declaration #17487 and #17488; New Mexico Disaster Number NM–00091]

 Presidential Declaration Amendment of a Major Disaster for Public Assistance Only for the State of New Mexico

AGENCY: Small Business Administration.

ACTION: Amendment 2.

SUMMARY: This is an amendment of the Presidential declaration of a major disaster for Public Assistance Only for the State of New Mexico (FEMA–4652–DR), dated 06/08/2022. Incident: Wildfires, Straight-line Winds, Flooding, Mudflows, and Debris Flows directly related to the Wildfires. Incident Period: 04/05/2022 through 07/23/2022.

DATES: Issued on 08/03/2022.

Physical Loan Application Deadline Date: 08/08/2022.

Economic Injury (EIDL) Loan Application Deadline Date: 03/08/2023.

ADDRESSES: Submit completed loan applications to: U.S. Small Business Administration, Processing and Disbursement Center, 14925 Kingsport Road, Fort Worth, TX 76155.


SUPPLEMENTARY INFORMATION: The notice is hereby given that as a result of the President’s major disaster declaration on 06/08/2022, Private Non-Profit organizations that provide essential services of a governmental nature may file disaster loan applications at the address listed above or other locally announced locations. The following areas have been determined to be adversely affected by the disaster:

Primary Counties: Los Alamos, Sandoval.

All other information in the original declaration remains unchanged. (Catalog of Federal Domestic Assistance Number 59008)

Joshua Barnes,
Acting Associate Administrator for Disaster Assistance.

[FR Doc. 2022–17042 Filed 8–8–22; 8:45 am]

BILLING CODE 8026–09–P


SMALL BUSINESS ADMINISTRATION

[Disaster Declaration #17549; South Dakota Disaster Number SD–00132]

Presidential Declaration of a Major Disaster for Public Assistance Only for the State of South Dakota

AGENCY: Small Business Administration.

ACTION: Notice.

SUMMARY: This is a Notice of the Presidential declaration of a major disaster for Public Assistance Only for the State of South Dakota (FEMA–4664–DR), dated 08/02/2022.

Incident: Severe Storm, Straight-line Winds, Tornadoes, and Flooding. Incident Period: 06/11/2022 through 06/14/2022.

DATES: Issued on 08/02/2022.

Physical Loan Application Deadline Date: 10/03/2022.

Economic Injury (EIDL) Loan Application Deadline Date: 05/02/2023.

ADDRESSES: Submit completed loan applications to: U.S. Small Business Administration, Processing and Disbursement Center, 14925 Kingsport Road, Fort Worth, TX 76155.


SUPPLEMENTARY INFORMATION: Notice is hereby given that as a result of the President’s major disaster declaration on 08/02/2022, Private Non-Profit organizations that provide essential services of a governmental nature may file disaster loan applications at the address listed above or other locally announced locations. The following areas have been determined to be adversely affected by the disaster:

Primary Counties: Butte, Haakon, Jackson, Jones, McPherson, Spink.

The Interest Rates are:

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<th>For Physical Damage:</th>
<th>Percent</th>
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<tr>
<td>Non-Profit Organizations with Credit Available Elsewhere ...</td>
<td>1.875</td>
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<td>Non-Profit Organizations without Credit Available Elsewhere</td>
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For Economic Injury:

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<th>For Economic Injury:</th>
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<tr>
<td>Non-Profit Organizations without Credit Available Elsewhere</td>
<td>1.875</td>
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The number assigned to this disaster for physical damage is 17548 B and for economic injury is 17549 0.