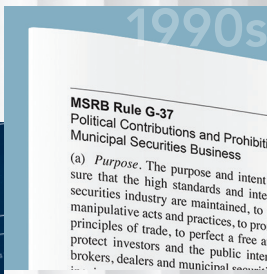


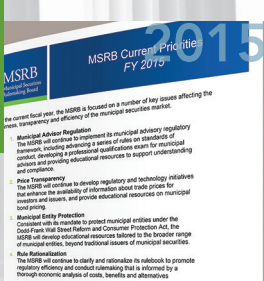


MSRB 40

Municipal Securities Rulemaking Board



Security Description *	Maturity Date	Interest Rate (%)	Price (%)
SOPULIAN WTR DIST SOUTHWEST CALIF WTR SERV AUTHORIZATION SER.B4	10/01/2031	4.5	102
SAN FRANCISCO CALIF CITY & CNTY PUB UTIL COMM WTR REV / SER.A	11/01/2032	5	104.361
SAN FRANCISCO CALIF CITY & CNTY PUB UTIL COMM WTR REV / SER.A	11/01/2032	5	104.361
BERKELEY CALIF WTR DIST / ELECTION SER.B	10/01/2023	-	42.018
SAN FRANCISCO CALIF CITY & CNTY ARPTS VLN INTL ARPT REV / SECOND ISSUE.22	05/01/2029	4.75	100
SAN FRANCISCO CALIF CITY & CNTY ARPTS VLN INTL ARPT REV / SECOND ISSUE.22	08/01/2024	-	40.039
OREGON STATEWIDE CNTY'S DEV / REV / KAISER PERMANENTE SER.A	09/01/2031	3.5	100
MONT CALIF PING AUTH LOC AGY			



Protecting the Public Interest for 40 Years

ABOUT THE MSRB

The Municipal Securities Rulemaking Board (MSRB) protects investors, state and local governments and other municipal entities, and the public interest by promoting a fair and efficient municipal securities market. The MSRB fulfills this mission by regulating the municipal securities firms, banks and municipal advisors that engage in municipal securities and advisory activities. To further protect market participants, the MSRB provides market transparency through its Electronic Municipal Market Access (EMMA[®]) website, the official repository for information on virtually all municipal bonds. The MSRB also serves as an objective resource on the municipal market, conducts extensive education and outreach to market stakeholders, and provides market leadership on key issues. The MSRB is a Congressionally-chartered, self-regulatory organization governed by a 21-member board of directors that has a majority of public members, in addition to representatives of regulated entities. The MSRB is subject to oversight by the Securities and Exchange Commission.

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The mission of the MSR is to protect investors, state and local government issuers, other municipal entities and the public interest by promoting a fair and efficient municipal market. Three key pillars support the MSR's mission:

REGULATION



Establishment of rules for dealers and municipal advisors

TRANSPARENCY



Collection and dissemination of market information

EDUCATION



Market leadership, outreach and education



Kym Arnone, Lynnette Kelly

MESSAGE FROM LEADERSHIP

In 2015, the Municipal Securities Rulemaking Board (MSRB) marks its 40th year of protecting the public interest. As change continues to define the municipal securities market, the MSRB is leading multiple initiatives to protect investors and municipal entities. Our highest priority initiatives aim to enhance price transparency for investors, protect state and local governments that engage the services of municipal advisors, and improve the overall fairness and efficiency of the \$3.6 trillion municipal securities market.

The MSRB is pursuing a number of ways to shed more light on municipal bond trade prices, from strengthening regulatory standards for the conduct of dealers in ensuring a fair price and in disclosing information to investors, to enhancing the types of trade data available on the MSRB's Electronic Municipal Market Access (EMMA[®]) website. The MSRB is committed to providing investors with access to clear, understandable information to help them evaluate their municipal bond trades.

At the same time, the MSRB is advancing needed rulemaking for municipal advisors with the goal of protecting state and local governments nationwide. Several important regulatory provisions guiding the conduct and professional qualifications of municipal advisors are under development. We also intend to provide as much education on new rules for municipal advisors as is practicable. Putting regulations in place to protect municipal entities remains a top priority for the MSRB.

As it pursues transparency and regulatory initiatives, the MSRB carefully considers their impact on market efficiency. Importantly, the MSRB has created a new market structure group under the leadership of a Chief Market Structure Officer to ensure the necessary market and technical expertise to rigorously analyze the potential market effects of the MSRB's proposals. The MSRB has added a Chief Economist to this group to ensure that a robust economic analysis is performed. We will of course continue to actively solicit and welcome input from a wide range of market stakeholders to help inform our work.

The MSRB's website is designed as a resource for investors, issuers, regulated entities and others interested in the municipal market. Find up-to-date information about MSRB initiatives in market transparency, rulemaking and education, and learn how to share your input with us at an upcoming event, electronically or through the formal rulemaking process. Together, we can ensure the market operates more fairly, efficiently and with greater transparency.

Thank you.

Kym Arnone
Chair

Lynnette Kelly
Executive Director

MUNICIPAL ADVISOR REGULATION



NEXT CHAPTER OF MUNICIPAL MARKET REGULATION

The MSRB began its 39th year fully engaged in the development of a regulatory framework for the professionals that provide advice on municipal securities and related transactions to state and local governments. With the passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act in 2010, the MSRB assumed an expanded role in the municipal securities market. Congress charged the MSRB with developing a comprehensive regulatory framework for municipal advisors, including a set of rules and standards designed to protect the interests of state and local governments and other municipal entities that rely on their services. Last year proved pivotal in the advancement of the MSRB's municipal advisor regulatory framework.

The MSRB's website will continually be expanded with new educational publications, podcasts, webinar materials and other resources to assist municipal advisors in understanding the evolving regulatory landscape.

Following necessary regulatory action by the Securities and Exchange Commission (SEC) in September 2013, the MSRB began the rulemaking process for municipal advisors by proposing four core rules for these professionals, and continued the development of a professional qualifications program. As these regulatory initiatives moved through the rulemaking process, the MSRB provided multimedia educational resources and engaged in extensive outreach to registered municipal advisors, municipal entities and other market stakeholders.

In 2014, the MSRB addressed the core standards of conduct for municipal advisors with the proposal of Rule G-42. The rule builds on the fiduciary duty established under the Dodd-Frank Act for municipal advisors who work with state and local government clients, and complements the basic principles of fair-dealing required in their interactions with all clients under MSRB Rule G-17. More than 40 market stakeholders formally commented on the provisions of the draft rule during the MSRB's open comment period, leading the MSRB to seek additional comment on a revised draft, which drew an additional 19 comments.

In late 2014, the SEC approved an MSRB rule to create supervisory and compliance requirements for municipal advisors. New MSRB Rule G-44 is modeled on



How the Three Pillars of the MSRB's Mission Support Municipal Advisor Oversight

existing supervision regimes for regulated financial professionals, with reasonable flexibility to accommodate the diversity of the municipal advisor industry. The rule takes effect April 23, 2015 to enable municipal advisors to implement the required policies and procedures.

The MSRB proposed two additional core rules for municipal advisors in the form of amendments to existing MSRB rules for municipal securities dealers. Existing MSRB Rule G-37, on pay-to-play practices, and Rule G-20, on gifts and gratuities, both play an essential role in preventing potential conflicts of interest and preserving the integrity of the municipal market. Rule G-20 sets limits on gift-giving in relation to municipal securities business. Rule G-37 addresses the potential for dealers to engage in pay-to-play practices and requires them to disclose certain political contributions to officials and bond ballot campaigns for posting on the MSRB's Electronic Municipal Market Access (EMMA[®]) website. The initiatives to apply these well-established principles to municipal advisors aim to ensure that all regulated municipal market entities and professionals are held to the same high standards of integrity.

As rules for municipal advisors took shape in 2014, the MSRB continued to work closely with an advisory committee of industry professionals to develop

a professional qualification test for municipal advisors. The test will be a central component of an overall professional qualification program to ensure municipal advisors demonstrate competency in their duties. The MSRB is amending its existing Rule G-3 on dealer professional qualifications to establish two classifications of municipal advisor professionals — representative and principal — and require all representatives to take and pass the test. To further inform the development of the test, the MSRB conducted an electronic survey of all registered municipal advisors in summer 2014. The MSRB intends to finalize the content outline and administer a pilot exam to municipal advisors in 2015.

The upcoming year marks a new chapter in the regulation of municipal advisors, with several core rules and a pilot professional qualifications exam expected to be implemented. The MSRB will continue its practice of hosting free webinars on its municipal advisor initiatives and attending events across the country to enable municipal advisors to learn more about the MSRB's rulemaking and ask questions. The Resources for Municipal Advisors section of the MSRB's website will also continually be expanded with new educational publications, podcasts, webinar materials and other resources to assist municipal advisors in understanding the evolving regulatory landscape.



REGULATION

4 core rules for municipal advisors in various stages of development



TRANSPARENCY

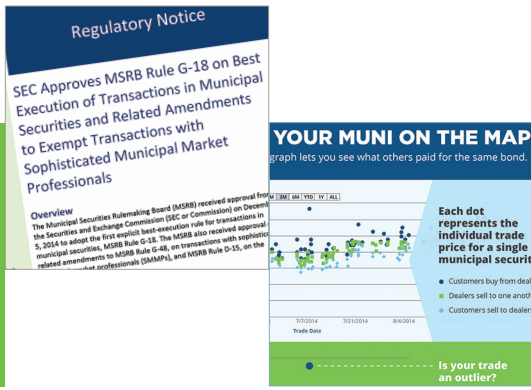
Proposal to require municipal advisors to disclose political contributions on EMMA[®]



EDUCATION

11 free webinars on municipal advisor topics in FY 2014

MARKET STRUCTURE



FOCUSING ON MARKET STRUCTURE

Municipal market policymakers are increasingly focused on improving the availability of price information and making other changes to secondary market trading practices that could benefit investors. The MSRB has long championed price transparency through its [Electronic Municipal Market Access \(EMMA®\) website](#), and in 2014 implemented a series of enhancements to EMMA designed to improve the accessibility and usability of existing trade price data for investors and issuers. The MSRB also advanced several regulatory proposals that address price transparency and related aspects of municipal market structure.

The MSRB recognizes that significant changes in market structure must be done carefully and with full input of market participants to ensure they achieve the goal of a more fair and efficient market.

BEST EXECUTION

The MSRB developed a so-called best-execution rule for transactions in the municipal market that will require dealers to use “reasonable diligence” when handling and executing municipal securities trades for retail investors. The new requirement aims to improve pricing for retail investors by ensuring dealers have appropriate procedures in place to achieve a price that is as favorable as possible under prevailing market conditions.

PRICE INFORMATION ON CUSTOMER CONFIRMATIONS

The MSRB developed a proposal that would aid investors in independently assessing the prices they are receiving from dealers by requiring dealers to disclose pricing information for same-day principal trades in the same security on retail customer trade confirmations. The MSRB coordinated on its proposal with the Financial Industry Regulatory Authority (FINRA), which oversees the corporate bond market. The MSRB’s proposed approach would provide investors with information generally already publicly available on the MSRB’s EMMA website but would provide it directly to investors in connection with their transactions.



How the Three Pillars of the MSRB's Mission Support Enhanced Market Structure

ADDITIONAL TRADE DATA ON EMMA

In 2014, the MSRB advanced its two-pronged approach to enhancing the trade data available on EMMA. The first phase will make additional post-trade data available on EMMA, including new indicators for customer trades involving non-transaction-based compensation arrangements and for transactions that occur on alternative trading systems. The new data elements support the MSRB's long-term effort to develop the next generation of its Real-time Transaction Reporting System (RTRS). The MSRB's proposal is informed by two years of dialogue with market participants about making additional trade data publicly available. In the second phase of this effort, the MSRB will continue in 2015 to gather additional input about an incremental approach for collecting and disseminating pre-trade data on EMMA.

As part of the MSRB's effort to expand the information available on EMMA to help investors make more informed decisions, the MSRB began providing public finance ratings from Kroll Bond Rating Agency on EMMA in 2014. The MSRB has provided ratings from Fitch Ratings and Standard & Poor's on EMMA since 2011. The MSRB has invited all Nationally Recognized Statistical Rating Organizations to make their municipal credit ratings available on EMMA.

ENHANCEMENTS TO EMMA

As the MSRB pursued regulatory and market transparency system improvements in 2014, it also helped

investors to leverage information already available on the EMMA website. EMMA's "price discovery tool" allows investors to easily find and compare prices of municipal securities with similar characteristics. Additional enhancements to the display of trade data on EMMA provide easy-to-read daily trade summaries and graphs that allow users to visualize how their trade prices compare to other trades in the same security.

LONG-RANGE PLAN

The MSRB's many transparency initiatives are guided by the MSRB's 2012 Long-Range Plan for Market Transparency Products, which envisioned a "central transparency platform" that would provide integrated, real-time data to investors and other municipal market participants. The priorities established in the plan align closely with the Securities and Exchange Commission's 2012 report on the municipal securities market.

The MSRB recognizes that significant changes in market structure must be done carefully and with full input of market participants to ensure they achieve the goal of a more fair and efficient market. To assist in rigorously analyzing the market impact of its proposals, the MSRB created a Market Structure department in 2014. The MSRB also collaborates with academics to mine insights from the data collected through the EMMA website. The MSRB's 2014 *Report on Secondary Market Trading in the Municipal Securities Market* provided empirical support for the MSRB's past and future efforts to enhance price transparency.



REGULATION

Proposals to establish best-execution rule and require price reference disclosure



TRANSPARENCY

Enhancements to the availability and display of trade data on EMMA®



EDUCATION

Investor resources on trade prices and using EMMA®

40TH
ANNIVERSARY



PROTECTING THE PUBLIC INTEREST FOR 40 YEARS

In 2015, the MSRB marks its 40th anniversary as the regulator responsible for ensuring a fair and efficient municipal securities market.

Communities have long raised capital from investors to build bridges, schools and other public projects. The issuance of municipal bonds dates back to the early 1800s. For much of this history, banks, insurance companies and other large institutional investors were the primary customers for municipal bonds. The investor base for municipal bonds shifted in the 1970s, when tax reforms made the municipal market more attractive for retail investors. Over time, participation by communities and individual investors in the offer and purchase of municipal bonds developed into a multi-trillion dollar market.

An expanding market that attracted increasing numbers of comparatively less sophisticated individual investors also attracted trouble. The absence of any regulations on sales practices, documentation or licensing led to costly consequences for municipal securities investors. Notably, retail investors were sold millions of dollars of deficit-plagued New York City bonds until the city came to the brink of default in 1975.

The fiscal crisis in New York, which deeply affected both the city and its

bondholders, drew the attention of lawmakers in Washington. With the support of the industry and the Securities and Exchange Commission (SEC), Congress created the Municipal Securities Rulemaking Board (MSRB) in June 1975. Congress charged the new self-regulatory organization with creating rules 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, and processing information with respect to, and facilitating transactions in municipal securities, to remove impediments to and perfect the mechanism of a free and open market in municipal securities, and, in general, to protect investors and the public interest.”

The MSRB immediately set out to fulfill this Congressional mandate, developing standards of uniform practice, fair practice and transparency for municipal securities dealers. The creation of uniform standards of trading and delivery helped remove impediments to the development of systems of automated clearance and settlement. MSRB market leadership facilitated an orderly transition into the digital age in the early 1980s, when paper bearer bonds gave way to electronic book-entry only bonds.

New York City’s crisis was neither the first nor the last scare to strike the municipal market. In 1983, the Washington Public



How the Three Pillars of the MSRB's Mission Contribute to 40 Years of Protecting the Public Interest

Power Supply System, whose acronym is aptly pronounced “whoops,” defaulted on more than \$2 billion in municipal bonds. The SEC, with support from the MSRB, created SEC Rule 15c2-12 to ensure that, unlike the deal team for WPPSS, dealers on other transactions receive and adequately review the terms and risks laid out in the official statement prepared by the issuer. Shortly thereafter, the MSRB developed a rule requiring disclosure of official statements to investors and created the Municipal Securities Information Library to collect disclosure documents and make them available to the public on microfiche.

The MSRB continued to monitor the market for new areas of concern, identifying the use of political contributions to secure underwriting business as a major threat to the integrity of the market. In 1994, the MSRB created Rule G-37, its landmark restrictions on pay-to-play practices, which served as a model for other rules addressing the issue of pay-to-play, including New York State's prohibitions on pay-to-play activities involving public pension funds and the SEC's rules for investment advisors.

That same year, Orange County, California declared bankruptcy after a series of risky investments left the county overextended. The situation had widespread effects on the trading activity of municipal bonds, prompting calls for stronger disclosure requirements and greater accountability around new and complex investment instruments.

The following year, the MSRB introduced daily trade reporting for trades between dealers, and added reporting of

customer trades a few years later. By 2005, the MSRB and the industry had the technological capacity to transition to the collection and dissemination of trade reports in real-time.

Technological innovation also enabled the MSRB to make perhaps its single greatest contribution to the municipal market — the launch of the [Electronic Municipal Market Access \(EMMA®\) website](#). The EMMA website has served as the official source of free public access to municipal bond trade data and disclosure documents since 2009. EMMA has evolved into an indispensable resource for the market, with interactive tools to help users understand municipal trade prices and access current information about their bonds.

In recognition of the MSRB's success with protecting municipal securities investors, Congress in 2010 broadened the MSRB's original investor protection mandate to explicitly include the protection of state and local governments and other municipal entities. To assist the MSRB in fulfilling this expanded mandate, Congress extended the jurisdiction of the MSRB to include the regulation of municipal advisors, a previously unregulated class of professionals who provide advice to municipal entities on public finance matters. The MSRB is currently focused on creating a regulatory framework for municipal advisors while continuing to explore opportunities to promote the public interest by enhancing the fairness, efficiency and transparency of the municipal securities market.



REGULATION

MSRB rules govern the conduct of regulated entities in the areas of fair dealing, uniform practice, professional qualification, market transparency and administration.



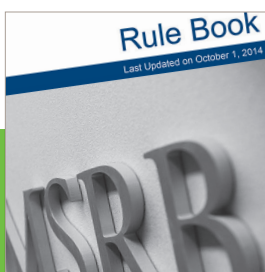
TRANSPARENCY

The MSRB's EMMA website provides free public access to information on virtually all municipal bonds.



EDUCATION

The MSRB serves as a leading provider of free, objective information for all municipal market participants.



MAXIMIZING REGULATORY EFFICIENCY

For the past several years, the MSRB has been engaged in an effort to promote regulatory efficiency by ensuring that new and existing municipal securities regulations are clear and also consistent with those of other regulators, when possible.

RULE BOOK REVIEW

In early 2013, the MSRB began a comprehensive review of its Rule Book, with the goal of revising, reorganizing or retiring MSRB rules based on an assessment of current market practices and input from regulated entities, other market stakeholders and fellow regulators. Rule changes resulting from the review seek to promote more effective and efficient compliance for regulated entities, and to align MSRB rules with those of other self-regulatory organizations or government agencies where appropriate.

In 2014, the MSRB completed a number of changes to consolidate and streamline key rules in response to recommendations received from stakeholders.

- **Amendments to Dealer Professional Qualification Requirements August 2014** — To align regulatory requirements with current business practices, the MSRB amended its professional qualification rules for municipal securities dealers. The changes included the elimination of the Financial and Operations Principal (FINOP) classification and the restriction of the permitted activities of a “limited representative — investment company and variable contracts products” to sales to and purchases from customers of municipal fund securities.
- **Consolidation of Fair-Pricing Obligations of Municipal Securities Dealers July 2014** — The MSRB consolidated numerous fair-pricing obligations of dealers into a single fair pricing rule, Rule G-30, on prices and commissions for principal and agency transactions.
- **Consolidation of Fair-Dealing Obligations for Municipal Securities Dealers July 2014** — The MSRB codified several fair-dealing obligations of municipal securities dealers into a new rule on time-of-trade disclosure obligations and a rule governing activities with sophisticated municipal market professionals.



How the Three Pillars of the MSRB's Mission Facilitate Regulatory Efficiency

- **Alignment with FINRA of Suitability of Dealers' Recommendations July 2014** — The MSRB revised its rule on the suitability of dealers' recommendations of municipal securities transactions to incorporate existing interpretive guidance and to more closely align the rule with the Financial Industry Regulatory Authority's (FINRA) suitability rule.
- **Consolidation of Registration Requirements May 2014** — To make the MSRB registration process more efficient for dealers and municipal advisors, the MSRB consolidated its multiple registration requirements and forms into a single rule and form, MSRB Rule A-12 and Form A-12.

ECONOMIC ANALYSIS OF NEW PROPOSALS

Although consideration of the costs, benefits and alternatives has always characterized MSRB rulemaking decisions, the MSRB made the assessment of the impact of regulatory action on regulated entities and the market a formal part of the rulemaking process following the adoption of a policy on the use of economic analysis in 2013. Considerations related to the benefits and costs inform regulatory approaches and are explicitly laid out in the MSRB's requests for comment.

In 2014, several rules for municipal securities dealers exemplified the MSRB's commitment to efficient rulemaking informed by data and market input.

- The MSRB strengthened its continuing education requirements for municipal securities dealers under MSRB Rule G-3 while permitting dealers the flexibility to determine which of its staff should receive specialized training on municipal securities matters and the extent of this annual training.

- Also in February 2014, the MSRB received approval to begin collecting additional information about 529 college savings plans to allow the MSRB to better analyze and monitor the 529 plan market. New MSRB Rule G-45 provided for a one-year implementation period and the MSRB is working closely with members of the 529 plan underwriting community to develop an efficient electronic form for the submission of the new information.

COOPERATION AND COORDINATION WITH OTHER REGULATORS

The MSRB collaborates extensively with the Securities and Exchange Commission in its oversight of the municipal market, and provides enforcement support to regulatory authorities that examine for compliance with and enforce MSRB rules, including FINRA and federal bank regulators. The MSRB frequently provides rule interpretations and training for examiners, and facilitates access to municipal market information in support of their examinations and enforcement activities. Frequent communications also occur between the MSRB and other federal regulators, such as the Internal Revenue Service, where the MSRB assists with the agency's enforcement of tax laws related to municipal securities. In addition, the MSRB will further strengthen relationships with other regulators to take advantage of available data and expertise, as appropriate.



REGULATION

Streamlining the MSRB Rule Book facilitates compliance with regulatory obligations.



TRANSPARENCY

The new electronic Form A-12 simplifies the process for firms to register and maintain current information with the MSRB.



EDUCATION

Training on MSRB rules for enforcement agency staff ensures effective and efficient examinations for compliance.



PROVIDING MUNICIPAL MARKET EDUCATION

In an effort to ensure investors, issuers and others have access to free, objective municipal market education, the MSRB created an online education center in July 2014. The new MSRB Education Center houses all available multimedia educational content produced by the MSRB.

Resources cover a wide range of market topics, from understanding the fundamentals of the municipal market and how bonds are issued to exploring how to use the [MSRB's Electronic Municipal Market Access \(EMMA®\) website](#) to make more informed decisions.

The section for state and local governments includes a dedicated page of resources on disclosure, including a podcast that provides an audio overview of issuers' obligations to disclose key financial information to investors. The

MSRB has been engaged in a multiyear outreach effort to educate issuers about the free resources available from the MSRB to assist them in meeting their disclosure obligations. Among these tools is EMMA's email reminder service, which alerts issuers and their designees when due dates to submit financial disclosures to EMMA are approaching.

Resources for investors highlight the new price-related tools added to EMMA in 2014, including the price discovery tool for finding recent prices for securities with similar characteristics and graphing features that show the prices others paid for the same security.

The education center also includes quick links to the popular MSRB Glossary of Municipal Securities Terms and materials from past educational webinars. Libraries for MSRB videos, fact sheets and podcasts allow users to find all available educational material in a particular format.

In a related enhancement, resources to assist users with navigating the EMMA website and utilizing EMMA tools are now consolidated in a section on the EMMA website called EMMA Help. This section includes information on using the pilot "Browse Issuers" feature to find recent trade data and all available disclosure documents for a particular issuer by clicking on an interactive map.

The new [MSRB Education Center](#) houses all available multimedia educational content produced by the MSRB.



FY 2014 EDUCATION ACTIVITIES BY THE NUMBERS

18

states and D.C.
reached with
issuer education
outreach
campaign

16

educational
webinars
hosted

2

educational
podcasts
produced

2

educational
videos
released

1

consolidated
online Education
Center created

BOARD OF DIRECTORS 2014–2015

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Marcy Edwards
Vice Chair

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New York, New York

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*Professor, Andrew Young
School of Policy Studies*
Georgia State University
Atlanta, Georgia

Lakshmi Kommi
Director of Debt Management
City of San Diego
San Diego, California

Christopher M. Ryon
Managing Director
Thornburg Investment Management
Santa Fe, New Mexico

Rita Sallis
Principal
The Yucaipa Companies
Los Angeles, California

Robin L. Wiessmann
*Former Treasurer, Commonwealth
of Pennsylvania*
Newtown, Pennsylvania

Colleen Woodell
*Former Chief Credit Officer of
Global Corporate and Government
Ratings*
Standard & Poor's
Baldwin, New York

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Davenport & Company LLC
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William Blair & Company
Chicago, Illinois

Arthur Miller
Managing Director
Goldman Sachs & Company
New York, New York

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Head of Municipal Syndicate Desk*
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Marianne F. Edmonds
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Public Resources Advisory Group
St. Petersburg, Florida

Nathaniel Singer
Managing Director
Swap Financial Group
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*Managing Director and Head of
Municipal Securitization Initiatives*
Barclays
New York, New York

Craig A. Noble
*Managing Director and Head of
Capital Markets Trading*
Wells Fargo Advisors
St. Louis, Missouri



CLASS OF 2015

*Back Row (L-R): W. Bartley Hildreth, Robin L. Wiessmann, Craig A. Noble, Marianne F. Edmonds, Richard K. Ellis
Front Row (L-R): Kym S. Arnone, Marcy Edwards*



CLASS OF 2016

*Back Row (L-R): James D. McKinney, Colleen Woodell, Robert P. Cochran, Christopher M. Ryon, Nathaniel Singer
Front Row (L-R): Brian L. Wynne, Lakshmi Kommi*



CLASS OF 2017

*Back Row (L-R): Richard Froehlich, Robert A. Fippinger, Arthur Miller, Steve Apfelbacher
Front Row (L-R): Lucy Hooper, Gary Hall, Rita Sallis*

MSRB SENIOR MANAGEMENT

Lynnette Kelly
Executive Director

John A. Bagley
Chief Market Structure Officer

Elizabeth Wolfe
Chief Financial Officer and Chief Risk Officer

Al Morisato
Chief Operations and Technology Officer

Ritta McLaughlin
Chief Education Officer

Jennifer A. Galloway
Chief Communications Officer

MSRB 2014 FINANCIAL HIGHLIGHTS

The MSRB is a self-funded organization that receives no governmental support. MSRB revenues are generated primarily from assessments on the trading and underwriting activities of municipal securities dealers. Municipal advisors pay a professional fee to the MSRB. In FY 2015, the MSRB will begin a comprehensive review of its funding structure to determine if the current structure is fair and equitable for all regulated entities.

In FY 2014, the MSRB's budget supported strategic initiatives, annual operating costs and the maintenance of reserve funds to ensure the MSRB has stable and sufficient funding to carry out its mission regardless of trading and underwriting volume. The Finance Committee of the Board of Directors is responsible for monitoring the MSRB's financial performance. In FY 2014, the Board agreed to a partial rebate of dealers' technology fees when the technology fund exceeded its reserve target. The MSRB distributed \$3.6 million in technology fund fees.

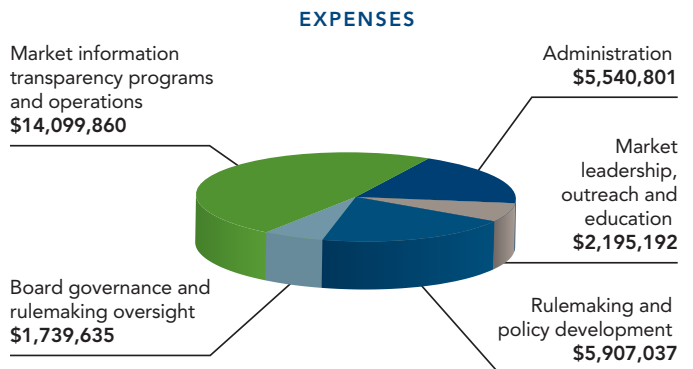
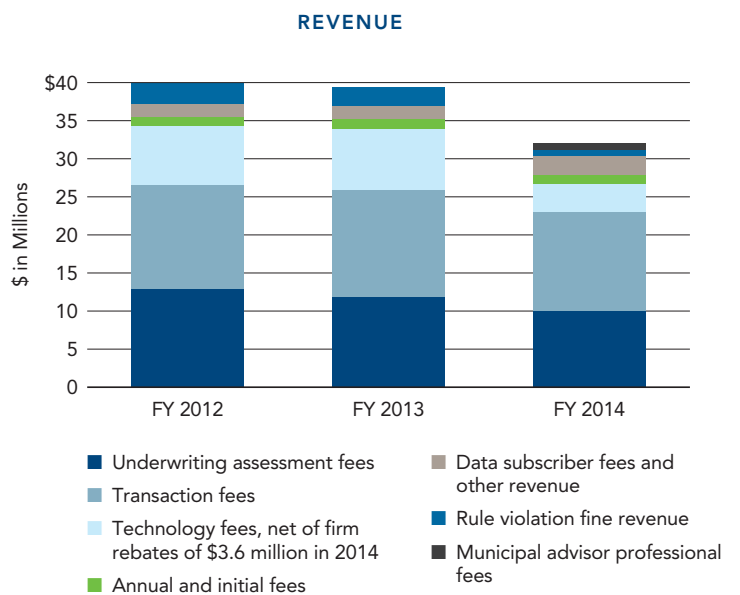
Financial highlights from FY 2014 are provided here. Full audited financial statements are available on the MSRB's website at msrb.org/About-MSRB.aspx.

EXPENSES

In FY 2014, operating expenses totaled \$29.5 million, up 6.1 percent from FY 2013. These expenses reflect the organization's core mission, with an emphasis on rulemaking and policy development; board governance and rulemaking oversight; market transparency programs and operations; market leadership, outreach and education; and administration.

REVENUE

FY 2014 revenue totaled \$32 million, a 19 percent decline from the prior year. The decline reflects lower volume of municipal bond underwriting and trading activity, as well as the \$3.6 million technology fee rebate. The MSRB assessed fees on municipal advisor professionals for the first time in FY 2014. Additional sources of revenue included data subscriber fees and enforcement agency fines for violations of MSRB rules.



2014 FINANCIAL HIGHLIGHTS

<i>September 30</i>	2014	2013	2012
Statements of Financial Position			
Total Assets	\$64,620,381	\$60,813,189	\$50,041,243
Total Liabilities	4,231,356	2,933,965	3,646,681
Total Net Assets — Unrestricted	60,389,025	57,879,224	46,394,562
Statements of Activities			
Revenue:			
Underwriting assessment fees	9,980,079	11,772,429	12,812,254
Transaction fees	12,875,066	14,012,929	13,667,607
Technology fees, net of firm rebates of \$3.6 million in 2014	3,698,922	8,042,898	7,681,655
Municipal advisor professional fees	968,700	—	—
Annual and initial fees	1,232,112	1,239,300	1,284,408
Data subscriber fees and other revenue	2,527,924	1,831,338	1,674,679
Rule violation fine revenue	709,523	2,364,098	2,771,735
Total Revenue	31,992,326	39,262,992	39,892,338
Expenses	29,482,525	27,778,330	26,836,712
Change in Net Assets	\$2,509,801	\$11,484,662	\$13,055,626
Statements of Cash Flows			
Cash Provided from Operating Activities	\$8,341,925	\$16,012,320	\$15,963,436
Investment in Technology Systems and Other Fixed Assets	\$3,738,477	\$3,489,806	\$3,077,524

These highlights are supported by the audited financial statements, which are available on the MSRB's website at msrb.org/About-MSRB.aspx



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