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MSRB FY 2024 Budget Provides Spotlight on Technology Expenses and New Rate-Setting Process.

Washington, DC – The Municipal Securities Rulemaking Board (MSRB) today published its annual budget to report on the allocation of the resources necessary to advance its mission of protecting investors and issuers and promoting the fairness and efficiency of the \$4 trillion market that ensures access to capital for communities across the country.

For FY 2024, the Board approved a \$47 million budget, which represents a 4.8% increase over the prior fiscal year. Since 2018, the MSRB has published an annual budget report to provide greater insight into its projected revenues, expenses and reserve funds. This year's report includes new sections spotlighting the MSRB's funding philosophy, market transparency and technology expenses, and the new rate-setting process for regulated entities.

"This FY 2024 report provides a closer look at the stewardship of our reserve funds and how we plan to allocate technology resources in the year ahead to deliver value to our stakeholders," wrote MSRB Chair Meredith Hathorn and MSRB CEO Mark Kim in a letter to stakeholders. "All of the key initiatives described in this report are aligned with the strategic goals we outlined in the long-term strategic plan we adopted two years ago. Now at the midpoint of that plan, we continue to make progress on our investment in modernizing municipal market regulation, providing transparency through technology, fueling innovation through data and upholding the public trust."

Modernizing Market Regulation

In the area of modernizing market regulation, the MSRB expects to move forward with an important change to its trade reporting rule, Rule G-14, to increase price transparency for investors while carving out exceptions that recognize the role of small firms and manual trades in the municipal securities market. The MSRB continues to review the entire body of interpretive guidance in the MSRB rule book and has completed or is in the process of proposing the codification or retirement of approximately 20% of the MSRB's interpretive guidance pieces since launching its rulebook modernization initiative in February 2021.

Providing Transparency Through Technology

As in prior years, technology remains a significant expense for the MSRB. The organization is in the midst of the largest investment in technology in the MSRB's history, starting with a migration to cloud computing, which began in 2018 and was completed without any system downtime or market disruption. In 2021, the MSRB launched the second and final phase of its journey to the cloud, which is to modernize its systems to leverage the power of cloud computing and provide greater availability, reliability and security to all market participants. The MSRB is on track to complete the system modernization initiative in 2025.

"In response to stakeholder comments, we are providing a more detailed breakdown of our investment in the technology systems that power our market and enable investors, issuers and market participants to make more informed decisions," wrote Hathorn and Kim, noting that the

majority of the MSRB's technology-related expenses are dedicated to maintaining and continuously improving the public's access to real-time price transparency and hundreds of thousands of disclosure documents on its free Electronic Municipal Market Access (EMMA®) website.

New Fee-Setting Process

The MSRB's new fee-setting process, implemented in FY 2023, will automatically adjust rates to ensure a more timely return of any excess revenue (i.e., surplus) to regulated entities and to better manage the organization's reserve funds. "Following an 18-month, 40% fee reduction that returned over \$19 million to the industry, we have achieved our goal to reduce excess reserve levels that had accumulated over the years," said Hathorn and Kim. The MSRB is projecting to end the year with a reserves balance near its current target of \$35 million, down from a high of \$67 million in 2018. A detailed explanation of the MSRB's reserves and fee-setting process are included in the MSRB's budget report.

[Read the budget.](#)

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