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Kennedy Introduces Reform Bill to Bolster Standards, Oversight at Bond Market Regulator.

WASHINGTON – Sen. John Kennedy (R-La.), a member of the Senate Banking Committee, introduced the Municipal Securities Rulemaking Board (MSRB) Reform Act, which would improve Board standards and put in place good-government reforms at one of the United States' most important securities regulators.

"The MSRB oversees a municipal securities market that is worth trillions of dollars in public projects. It's supposed to represent the consumer. Instead, it's an insider's club. It's more incestuous than King Tut's family. Public seats on the board shouldn't be filled by executives who just quit their Wall Street jobs. These reforms are long overdue," said Kennedy.

The MSRB regulates the municipal bond market, which finances airports, roads and other public works. The fifteen-member board includes eight members belonging to the public sector and seven members representing the private sector.

With little oversight from the Securities and Exchange Commission (SEC) and Congress, the MSRB currently sets and approves its own budget, including the size of its members' paychecks. This lack of oversight has led to brazen abuses from members of the Board, with its President and Chief Executive Officer being paid more than $700,000 in 2024.

While the MSRB and SEC have made internal steps toward reform, Congress has failed to take permanent action.

Kennedy's bill would codify several internal changes taken by the MSRB and require a stricter oversight role for the SEC. Changes that the MSRB Reform Act imposes include:

- A policy that the Board's public sector representation be no less than five years removed from their association with a private municipal securities entity.
- A requirement that the SEC approve members of the MSRB committee and cap compensation for the Board.
- A stipulation that the number of Board members be permanently set at 15, with the majority of members representing regulated parties.

The American Securities Association (ASA) supports Kennedy's bill.

"ASA applauds Sen. Kennedy's MSRB Reform Act because it brings much-needed transparency and accountability to the MSRB's governance process. Reforming the MSRB's board will benefit investors by freeing our public finance markets from conflicted individuals pushing political anti-market agendas," said ASA President and CEO Chris Iacovella.

View the MSRB Reform Act here.

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