



January 2, 2024

Ms. Vanessa Countryman
Secretary, Securities and Exchange Commission
100 F Street, NE
Washington, DC. 20549

RE: File Number SR-MSRB-2023-06

Dear Ms. Countryman:

Our organizations represent broker-dealers and municipal advisors who are regulated by the Municipal Securities Rulemaking Board (“MSRB”). We appreciate the opportunity to comment on MSRB’s Proposed Rule Change to Establish the 2024 Rate Card Fees for Dealers and Municipal Advisors Pursuant to MSRB Rules A-11 and A-13 (“Filing”).

While our organizations maintain varying perspectives on certain aspects of the Filing, we would like to use this opportunity to state our shared concerns. Specifically, we are deeply concerned about the lack of transparency in the Municipal Securities Rulemaking Board’s budget and its budgeting process, and the need for MSRB’s resources to be directed toward areas within its statutory authority. Some of the organizations on this letter will also be submitting separate letters about the Filing, which include greater details and information about our concerns.

The MSRB’s budgeting and rate-setting strategy is alarmingly opaque and troubling, particularly as it entails formulating spending plans before securing revenues to meet these financial targets. Our interest in this area is great, since MSRB budget increases lead to underwriter and municipal advisor fee increases. Similar to our collective and individual comments from the previous year, there continues to be a lack of detail in the MSRB’s budget, particularly in instances where expenses are not directly tied to projects aligned with its congressional mandate. Without this information it is difficult for regulated entities and the SEC to assess whether the fees assessed are “reasonable” as required in Section 15B(b)(3)(B).

The MSRB should increase transparency and seek stakeholder input throughout the budget process and adopt a more fiscally responsible approach, including demonstrating ways it sought internal cuts or harnessing new projects in the budget process. There should also be greater detail about the MSRB’s initiatives, including its essential operations, and the costs therein. Currently, program details are sparse and there is an inability to compare year to year information to better understand the MSRB’s spending. For example, in the FY2024 budget, the MSRB extensively highlights technology initiatives within the document. However, there is a significant lack of specificity regarding these projects, their associated costs, changes in their costs from previous years, and their alignment with the MSRB’s role as a repository for disclosure documents and to run functional systems for the marketplace. While supporting and acknowledging the importance of these systems, with regulated entities paying for these budget priorities, the MSRB should disseminate greater details about significant budget areas and provide a clear and comparable budget analysis of its expenditures.

We also seek detailed information on how the MSRB determines how or when projects are undertaken. This is critical as the MSRB claims to serve the needs of the marketplace, yet we are unaware of formal efforts to seek

input or socialization of projects beyond rulemaking. Similar to comments above, the MSRB should instill a process that provides greater information and costs of potential – and current – projects, to facilitate greater understanding of its budget and workplan.

Our organizations come together to highlight the need for changes within the MSRB's budget process. This includes the need for greater transparency and information about the MSRB's programs, its overall spending, and comparable data of these programs from year to year. To enhance the exchange of information and gain insights into the marketplace's requirements during the initiation and continuation of various initiatives, the MSRB should engage in dedicated conversations with regulated entities to determine if these initiatives are needed. These discussions, whether formal or informal, should occur before the Board's approval and submission of any fee increases to the SEC.

The persistent trajectory of budget increases is untenable and emblematic of broader apprehensions surrounding the MSRB's operational and budgetary procedures. Meaningful engagement in the process, coupled with a thorough presentation and comprehension of budget allocations, encompassing expenses inside and outside its congressional mandate, are imperative. Without such active involvement, the assessment of whether "reasonable fees" are being imposed on regulated entities remains elusive. It is paramount for the MSRB to address these concerns promptly and transparently to ensure the sustainability and fairness of its financial practices.

We appreciate your attention to these concerns and look forward to constructive dialogue on these matters going forward.

Thank you for the opportunity to comment on this Filing.

Sincerely,



Jessica Giroux
General Counsel and
Head of Fixed Income Policy,
American Securities Association



Michael Decker
Senior Vice President for
Research and Public Policy,
Bond Dealers of America



Susan Gaffney
Executive Director,
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Leslie Norwood
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