

September 7, 2018

SEC Adopts Rule Amendments to Improve Municipal Securities Disclosure

The Securities and Exchange Commission (SEC) has adopted amendments to enhance transparency in the municipal securities market. The adopted amendments to Rule 15c2-12 of the Securities Exchange Act will focus on material financial obligations that could impact an issuer's liquidity, overall creditworthiness, or an existing security holder's rights.

Rule 15c2-12 of the Securities Exchange Act requires brokers, dealers, and municipal securities dealers that are acting as underwriters in primary offerings of municipal securities to reasonably determine that the issuer or obligated person has agreed to provide to the Municipal Securities Rulemaking Board (MSRB) timely notice of certain events.

The amendments add two new events to the list included in the rule:

- Incurrence of a financial obligation of the issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the issuer or obligated person, any of which affect security holders, if material; and
- Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the issuer or obligated person, any of which reflect financial difficulties.

The compliance date for the new amendments to the Rule is **February 27, 2019**. Language must be included in Continuing Disclosure Agreements (CDAs) for municipal bond issues on and after that date. Material events occurring after this date must be filed on the Municipal Securities Rulemaking Board's (MSRBs) [Electronic Municipal Market Access \(EMMA\)](#) website.

NYGFOA recommends that issuers discuss the impending changes with their internal bond team, counsel, and other professionals involved in their debt management programs to ensure compliance.

Please click on the link below to access the SEC press release announcing the rule change adoption:

[SEC Announcement on Rule 15c2-12 Changes](#)

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