

# **Bond Case Briefs**

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## **Massachusetts Bonds? There's an App for That.**

Massachusetts is boosting its efforts at transparency by offering investors financial information and disclosures via a smart phone app.

The app comes on the heels of this year's launch of MassDirect Notes, which Massachusetts billed as the first online state marketplace selling bonds directly to mom-and-pop investors. It includes quarterly economic data, budgeted operating funds, annual financial reports, monthly revenue and expenditure reports and ratings information, some updated in real time.

Massachusetts Treasurer Steven Grossman said the app was part of the state's effort, which also includes a revamped website and investor calls, to reach out to individual investors.

"We think providing this kind of disclosure will ultimately reduce the state's borrowing costs," he said.

Those unable attend the state's 2014 Investor Conference last week in Boston, for example, could use the app to access the agenda, presentations, speaker biographies, the state's 2015 finance calendar and even photographs of relevant public works, such as a new building for Hingham Middle School.

The app follows other efforts by Massachusetts to reach out to the retail investors who make up the bulk of the \$3.6 trillion U.S. municipal bond market, including the MassDirect Notes offering program. Modeled on the U.S. Treasury's TreasuryDirect service, it allows investors to buy bonds when they need them, two weeks a month, instead of waiting for typically infrequent sales. Officials also took inspiration from companies including Duke Energy Corp. DUK -0.64% and General Electric Co. GE -0.41%, which allow investors to buy corporate debt directly from the firms, also on a rolling basis.

The moves come amid efforts by federal regulators to increase price transparency and protect individual investors in a market that a 2012 Securities and Exchange Commission report described as "illiquid and opaque." Individual investors own almost three-quarters of the debt issued by cities, states and other municipalities, either directly or through mutual funds, with many buying the bonds for tax-free income as a way to fund their retirements.

Tom Metzold, senior portfolio advisor at Boston-based Eaton Vance EV +0.43%, said he's a "big fan" of the program, noting increased transparency would help retail investors better understand the market for all Massachusetts bonds.

"That's how we're going to create true equality between institutional and retail investors," he said.

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