Bond Case Briefs

Municipal Finance Law Since 1971

MSRB Seeks Comment on Potential Rulemaking to Improve Transparency of Direct Purchases and Bank Loans.

Washington, DC – The Municipal Securities Rulemaking Board (MSRB) is seeking public comment on a potential approach to enhance investor and public access to information about the direct purchase and bank loan transactions of municipal securities issuers. In concept, the MSRB is considering whether to require municipal advisors to disclose information about the bank loans and direct purchases of their municipal entity clients to the MSRB's Electronic Municipal Market Access (EMMA®) website.

Direct purchases and bank loan agreements may contain key terms that impair the rights of existing bondholders. For example, in some instances, these financings may have provisions that make creditors senior to bondholders or that provide creditors with more favorable remedies than bondholders in the event of default. Bondholders may not learn of the existence and amounts of these types of financings until the release of the issuer's audited financial statements, and the key terms typically would not appear in such financial statements.

"The lack of transparency around the full picture of an issuer's indebtedness has long concerned the MSRB," said MSRB Executive Director Lynnette Kelly. "For a number of years, the MSRB has been encouraging state and local governments to voluntarily disclose bank loan financings and other similar obligations on EMMA, yet only a small number have done so. We are now considering whether rulemaking is necessary to ensure investors have the information they need with respect to these financings to make informed investment decisions."

The MSRB's concept proposal is intended to gather input on ways to improve the availability and timeliness of information about direct purchases and bank loan financings for the benefit of investors and the public generally. Specifically, the MSRB seeks comment on the benefits, costs and potential alternatives to requiring municipal advisors to disclose this information to the EMMA website.

Comments should be submitted no later than May 27, 2016.

Date: March 28, 2016

Contact: Jennifer A. Galloway, Chief Communications Officer
202-838-1500
jgalloway@msrb.org

Copyright © 2026 Bond Case Briefs | bondcasebriefs.com