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Rise in CUSIP Request Activity Reflects Potential Tax Code Changes.

Companies and municipalities registered more bonds to sell in the markets in November, as they moved to step up borrowing ahead of potential changes to the tax code, according to a new report from CUSIP Global Services, a unit of American Bankers Association.

The requests for U.S. corporate debt CUSIPS, which are akin to serial numbers for the securities, totalled 1,001 in November, up 13% from 886 in October.

“As 2017 draws to a close, with potentially significant tax reforms looming and interest rates still relatively low, issuers are ramping up issuance to take advantage of the current favorable environment,” said Richard Peterson, Senior Director, S&P Global Market Intelligence, in a statement.

Municipal bond identifier requests increased to 1,220 last month, up 20% from October. The surge came partly in response to a tax reform proposal from the House which would prohibit advanced refundings, which states and municipalities use to reduce borrowing costs, and on private activity bonds, the report said. The Senate version of the bill preserves private activity bonds but eliminates advance refundings.

“Starting in the last week of November and continuing so far into December, we’ve been seeing a significant increase in requests for municipal refunding bond and private activity bond identifiers as issuers rush to raise capital ahead of tax reform,” said Gerard Faulkner, Director of Operations for CUSIP Global Services.

“Depending on whether the House or Senate version of the tax reform bill is passed, advance refundings and private activity bonds could be terminated, which could significantly alter the muni landscape,” he added.

The Wall Street Journal

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Dec 13, 2017 11:52 am ET