

# **Bond Case Briefs**

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## **Amendments To Continuing Disclosure Requirements Effective February 27, 2019.**

As a reminder, the new amendments to Rule 15c2-12 of the Securities Exchange Act (the “Rule”) take effect on February 27, 2019. The amendment, summarized in [Increased Transparency to Continuing Disclosure Requirements](#), will change the reporting requirements for issuers (and conduit borrowers) under their continuing disclosure agreements for bonds issued on and after February 27, 2019.

The following two new requirements related to “financial obligations,” including private placements and bank loans, were added to the Rule (the [Amendment](#)):

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

Additionally, the definition of “financial obligation” was added to the Rule to mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with this rule.

We recommend that you stay in touch with your counsel to discuss how the new requirements may affect your continuing disclosure obligations.

**McCarter & English, LLP**

by Sarah Smith

February 20, 2019