

Bond Case Briefs

Municipal Finance Law Since 1971

Investors Turn to MSRB for More Timely, Transparent Disclosure.

CHARLESTON, S.C. – Investors and analysts want the Municipal Securities Rulemaking Board to take action to make clear when issuers have last filed financial disclosures, and perhaps even allow investors to file disclosures themselves.

National Federation of Municipal Analysts members made those requests of MSRB board members at the groups' annual meeting in Charleston, South Carolina Thursday. The dialogue followed closely on the heels of a letter NFMA sent to the MSRB and Securities and Exchange Commission asking for the SEC to take action on issuer disclosure.

NFMA also asked the MSRB to improve its EMMA site to make it easier to find information through linking bonds to obligors and projects, standardizing industry classifications and providing a mechanism to identify active material events and provide greater transparency on the currency of audit filings.

Investors suggested to board members at the Thursday luncheon ways to improve transparency in the timeliness of issuers' financial information on the site.

The MSRB has discussed using a "counter" so stakeholders could know how long it has been since an issuer has filed a financial statement, said MSRB Board Member Renee Boicourt. The counter would be some kind of indication of how recent the issuer's information was, but Boicourt did not offer specifics about what form the counter would take.

SEC Chair Jay Clayton has said he is concerned about "stale" financial statements and indicated that the SEC may be looking to take additional steps to improve disclosure in the municipal market.

"Shining a light on how dated the financials are could motivate people and CFO's to go in and say, we look bad, we need to do better internally," Boicourt said.

Though some issuers disclose voluntarily throughout the year, others adhere to the minimum required under their continuing disclosure agreements.

"One of the questions that comes up is that issuers have continuing disclosure agreements they're undertaking, and is meeting the terms of those agreements the standard" Boicourt asked. The reaction you'll hear from issuers at times is 'well, as long as we're meeting our contractual commitment, we're doing what we said we would do, we're doing enough.'"

There is a difference between filing in 180 days to 270 days, said Bill Oliver, NFMA industry and media liaison. He said he understood why some filings come in late from four months to six months. But for issuers that don't file at all, they should incur a kind of liquidity premium, he said.

MSRB President and Chief Executive Officer Lynnette Kelly said she worried about unintended consequences from using a counter because there are many reasons why financials are filed late, but

added that she didn't intend to make excuses for issuers.

Oliver said traders would want to know how long it's been since an issuer filed and said it would affect what they would want to pay for the bonds.

"The more that information becomes available, the more efficient the marketplace and so I would think that's something you'd definitely want to work toward," he said.

An attendee asked if investors could submit material information onto EMMA.

Kelly said issuers would not be in favor of investors submitting that information, adding they like to control information on EMMA.

EMMA is set up as a repository for disclosures from the issuer community to the market, Kelly said. It's not set up as a "chat room" for sharing information, though it could evolve to that point perhaps at some time in the future, she said.

"Not disagreeing that it wouldn't be a good idea for some stakeholders, but it's not possible right now," Kelly said.

By Sarah Wynn

BY SOURCEMEDIA | MUNICIPAL | 05/10/19 11:09 AM EDT

Copyright © 2025 Bond Case Briefs | bondcasebriefs.com