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Franklin Templeton Sees Costly Legal Fight Over Puerto Rico Bonds.

Municipal bond researchers at Franklin Templeton, whose funds are among the largest owners of Puerto Rico debt, on Wednesday predicted a “long and costly” legal battle as the Caribbean nation tries to restructure more than \$70 billion in obligations.

“At the very least, in our assessment, Puerto Rico can expect creditors to seek legal affirmation and protection of contractual rights,” said Rafael and Sheila Amoroso, co-directors of the municipal bond department at Franklin Templeton. Their report was published on the company’s website.

“Unfortunately, we think it will likely be a long and costly battle regardless of the outcome,” they said.

However, the co-directors said they didn’t see Puerto Rico’s problems affecting the rest of the \$3.7 trillion U.S. municipal bond market in a negative way.

Reuters

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(Reporting By Tim McLaughlin)

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