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SIFMA Believes States Best Positioned to Improve Muni Disclosure.

New York, NY, June 15, 2016 - States have a unique opportunity to be proactive in helping to ensure that local governments that issue bonds in the public market make complete and timely disclosure of financial information and comply with all federal and contractual requirements. To that end, SIFMA is encouraging states to build on existing financial disclosure regimes with the goal of ensuring that investors have access to the financial information they need and that local governments are in compliance with their obligations.

SIFMA's recommendations follow from a [50-state review](#) of state policies governing local government bond issuance, information disclosure and financial audits.

"SIFMA supports a robust disclosure regime in the municipal market to ensure that investors have timely access to information they need to evaluate their investments," said Michael Decker, managing director and co-head of SIFMA's Municipal Securities Division. "In light of our review of state policies, we believe states are the best positioned to lead the way going forward to ensure the highest level of compliance and investor information."

In the review, SIFMA conducted a thorough examination of policies that govern local government disclosure, issuance and audit practices in all 50 states, Washington, D.C. and three territories, in an effort to determine the extent to which states oversee the continuing disclosure activity of local governments. Continuing disclosure involves the public dissemination of annual financial statements and certain event notices that are material to investors who own or may consider buying bonds issued by governments, authorities, agencies, districts and other public sector issuers.

In its review SIFMA looked at questions like whether states require the submission of and make public official statements (OSs), audited annual financial statements and other information relevant to investors.

The survey found that only one state, Louisiana, has a law in place designed to help ensure that local governments meet their legal disclosure obligations. In 2014 Louisiana enacted Act 463, a state law which both requires local governments to maintain records of Continuing Disclosure Agreement (CDA) requirements and compliance actions and requires financial auditors to examine governments' CDA records and check that local governments have made required financial filings.

Some states have policies which require the filing of OSs with state repositories and impose other disclosure requirements on local governments related to bond issuance. These states include: Arizona, California, Colorado, Florida, Illinois, Indiana, Kentucky, Louisiana, Michigan, Missouri, New York, North Carolina, Oklahoma, Oregon, Tennessee, Washington and West Virginia. These policies are a positive step towards improving market transparency. Four states and one territory have laws in place requiring the filing of financial audit information and make those filings publicly available: California, Missouri, New Jersey, Texas and the U.S. Virgin Islands.

SIFMA believes states are in a unique position to help ensure that local government issuers make

complete and timely disclosure of financial information and comply with all federal and contractual requirements. We encourage states to adopt laws that:

- Require auditors to check for compliance with continuing disclosure requirements in the context of annual or periodic financial audits; and
- Require local governments to adopt internal policies and procedures related to compliance with all disclosure requirements.

In addition, some states have processes in place that could be leveraged to help ensure disclosure compliance. In North Carolina, for example, all local government bond issues are generally required to be approved by the Local Government Commission. A state with such a process already in place could include compliance with outstanding CDAs as a condition of approving future bond issuance.

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