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## U.S. Muni Regulator Scraps Pursuit of Bank Loan Disclosure Rule.

The Municipal Securities Rulemaking Board (MSRB) said on Monday the U.S. muni market's self-regulating group would not pursue "at this time" a rule to facilitate disclosure of bank loans taken out by states, cities, schools and other bond issuers.

The board, which regulates muni dealers, bond underwriters and financial advisors, but not state and local government issuers, has been trying to devise a way to boost disclosure of such private loans because they add to an issuer's overall debt burden and could include terms impairing the rights of bondholders.

The MSRB's decision likely means that most investors would be deprived of this information. The regulator said in March that only a small number of issuers had disclosed the loans and other private debt sales on its Electronic Municipal Market Access or EMMA website.

"The board continues to believe that disclosure of alternative financings is important for assessing a municipal entity's creditworthiness," MSRB Executive Director Lynnette Kelly told reporters on a conference call.

But feedback from market participants indicated a rule would not necessarily capture all bank loan activity by muni bond issuers, according to Kelly. She said the board would instead continue to push for voluntary disclosure, while making it easier for issuers to submit bank loan information on EMMA.

"We preserve our ability in the future to do rule-making, but we wanted to give it a little more time," Kelly said.

At its meeting last week, the MSRB voted to send a proposed rule to the U.S. Securities and Exchange Commission aimed at enhancing transparency of transaction costs charged to muni bond investors by dealers, Kelly said. While the board is self-regulating, its rules are subject to approval by the SEC.

"Providing investors with information about how much it costs to transact in municipal bonds has been a goal of this board for several years," MSRB Chair Nat Singer said in a statement. "Transparency around dealer compensation will allow investors to assess their transaction costs and use that information in their decision-making."

Kelly said the MSRB was also considering adding market indicators to its EMMA website, including yield curves that would be provided for free by private-sector vendors.

### **Reuters**

(Reporting by Karen Pierog; Editing by Richard Chang)

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