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SLGS Will Soon be Unavailable for Subscription: Squire Patton Boggs

Are we having fun yet?

To add further stress to the advance refunding issues that everyone is scrambling to close by the end of the year, subscriptions for SLGS will not be available on or after December 8, if not earlier.

The [most recent suspension](#) of the application of the federal debt ceiling expires on December 8, and [Congressional leaders have said that Congress will not vote this December either to extend the suspension of the application of the debt ceiling or to increase the ceiling](#). Instead, Congress will rely on the Treasury's use of "extraordinary measures" to defer having to deal with the debt ceiling.

One of these extraordinary measures is the suspension of the sale of SLGS. [In all past instances when Treasury has suspended the sale of SLGS](#), Treasury has honored subscriptions for SLGS that were made before the suspension took effect, even if the delivery date of the SLGS fell after the suspension date. We anticipate that the Treasury will continue its historic practice here, but we will not know for certain until Treasury announces the closure of the SLGS window. Issuers should be prepared to bid for open market securities if a SLGS subscription cannot be made before December 8.

Because there are going to be a crush of advance refunding issues coming to market ahead of the potential December 31, 2017 repeal of tax-exempt advance refundings, issuers should also anticipate some difficulty in attracting at least three bids and/or favorable prices, given the likely volume of advance refunding issues that will be chasing a relatively limited number of providers of open market securities.

The Public Finance Tax Blog

By Michael Cullers and Johnny Hutchinson on November 22, 2017

Squire Patton Boggs

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