



Municipal Securities Rulemaking Board

# MSRB Initiatives

Council of Infrastructure Financing Authorities Federal Policy Conference

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Municipal Securities Rulemaking Board

# Presentation Outline

- Role of the MSRB
- Advancing Municipal Advisor Regulation
- Federal Focus on Disclosure
- Bank Loans and Voluntary Disclosure



## **Role of the MSRB**

# About the MSRB

- A self-regulatory organization created by Congress in 1975
- Protects investors, municipal entities and the public interest
- Promotes a fair and efficient municipal market



# How the MSRB Fulfills its Mission

- Regulates municipal securities dealers and municipal advisors
- Operates market transparency systems including the **EMMA**® website
- Conducts education, outreach and market leadership

# The EMMA<sup>®</sup> Website



[emma.msrb.org](http://emma.msrb.org)

- Serves as official, free and public source of trade data and disclosure information on virtually all municipal securities
- Provides a platform for issuers to communicate with investors



# **Advancing Municipal Advisor Regulation**



# Municipal Advisor Regulation

- Dodd-Frank Act of 2010 charged the MSRB with regulating professionals that provide advice to issuers on municipal finance transactions and products in order to:
  - Protect state and local governments and other municipal entities that engage the services of a municipal advisor
  - Promote a fair and efficient market
  - Preserve municipal market integrity

# Recent Municipal Advisor Rulemaking

Rule	Latest Action	Next Steps
Establishing Supervision and Compliance Obligations	New MSRB Rule G-44	Effective April 23, 2015
Creating Professional Qualifications Requirements	Amended MSRB Rules G-2, G-3 and D-13	Effective April 27, 2015
Establishing Core Standards of Conduct	New MSRB Rule G-42	Filed with SEC April 15, 2015
Prohibiting Pay-to-Play in Municipal Advisory Business	Amended MSRB Rule G-37	Preparing for SEC filing
Regulating Gifts and Gratuities in Municipal Advisory Business	Amended MSRB Rule G-20	Preparing for SEC filing



# What to Expect from Your Advisor

- ✓ Registration with SEC and MSRB
- ✓ Federal fiduciary duty to municipal entity clients
- ✓ Fair dealing with all clients (municipal entities and obligated persons)

## **Coming Soon:**

- ✓ Proposed Rule G-42 duties:
  - Disclosure of conflicts
  - Documentation of relationship
  - Suitable recommendations
  - No excessive compensation
- ✓ Professional qualification exam requirement in 2016



## Federal Focus on Disclosure

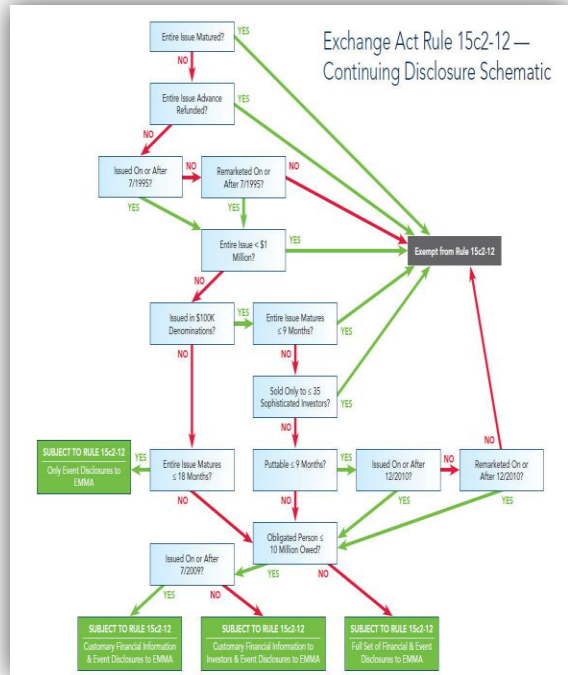
# Federal Focus on Disclosure

- SEC's July 2012 report on the municipal securities market highlighted issue of inadequate disclosure
- SEC's March 2014 Municipalities Continuing Disclosure Cooperation (MCDC) Initiative
  - 40% increase in financial and operating disclosure submissions to **EMMA**® in June 2014 versus June 2013, attributable to MCDC
  - Average year-to-year increase in June filings is 7%
  - CAFR submissions also up over 30%

# Disclosure Education and Outreach

- MSRB's Putting **EMMA®** to Work for You Campaign
  - Expanded outreach effort launched in 2013
  - Goal: raise awareness by small to mid-sized municipal issuers about the importance of communicating with their investors on an ongoing basis
  - MSRB provides practical guidance and tips through a combination of live and internet-based events

# MSRB Market Transparency Advisory



- Types of information issuers must publicly disclose under SEC Rule 15c2-12 for various types of offerings
- How to use **EMMA**<sup>®</sup> to make these disclosures
- Benefits of timely and complete disclosures for issuers and investors alike
- [msrb.org/Rules-and-Interpretations/Regulatory-Notices/2013/2013-18.aspx](https://msrb.org/Rules-and-Interpretations/Regulatory-Notices/2013/2013-18.aspx)

# MSRB Education Center



- Single location for free educational resources on the municipal market
- Three easy ways to learn about the municipal market:



Videos



Fact Sheets



Podcasts

- [msrb.org/EducationCenter.aspx](https://msrb.org/EducationCenter.aspx)



# Issuer Homepages

- **Pilot! EMMA®**  
Issuer Homepages display issuer information in a single location
- Geographic search
- More intuitive access to information on issuers for users
- [emma.msrb.org/IssuerHomePage](http://emma.msrb.org/IssuerHomePage)

ADVANCED SEARCH | BROWSE ISSUERS | FIND 529 PLANS | MARKET ACTIVITY | EDUCATION CENTER

**Find an Issuer**

Find any municipal securities issuer by state. Click on a state in the interactive map to browse a searchable list of cities, counties and other issuing authorities and access information about their municipal securities.

**Michigan**

Browse the list of municipal securities issuers below.

**Consolidated Issuer Information**

These pages provide a consolidated view of the information available on EMMA for each issuer. By default, this consolidation has been performed using certain third-party information that excludes matured securities and may contain errors or omissions. Issuers can customize their "homepages" to confirm the consolidation of their securities information and provide contact information to investors. Customized homepages are labeled and listed first to assist users in exploring this pilot functionality. Homepages, including those that have been customized, may not reflect all outstanding securities for an issuer. To learn about additional methods for finding information, read about EMMA's search features. Read instructions for issuers on how to customize an EMMA issuer homepage. Please contact us to provide feedback on the pilot or to report any errors or omissions.

View: ☒ All Issuers ☐ State Issuers ☐ City Issuers ☐ County Issuers ☐ Other Issuers (Conduits, Localities, etc.)

Click on an issuer name to access information about its municipal securities. Issuers that have customized their information are displayed first.

Display **20** results | Find in results:

Displaying 1 to 20 of 1,948 results.

Issuer Name	Issuer Type
<b>MICHIGAN STATE UNIVERSITY</b> CUSTOMIZED	Other
<b>VICKSBURG COMMUNITY SCHOOLS</b> CUSTOMIZED	Other
<b>ACADEMY SACRED HEART MTG REV</b>	Other
<b>ADA TWP MICH</b>	City
<b>ADAMS DRAIN DRAIN DIST MICH</b>	City
<b>ADAMS TWP MICH</b>	City
<b>ADAMS TWP MICH SCH DIST</b>	City
<b>ADDISON MICH CMNTY SCH DIST</b>	City
<b>ADRIAN MICH</b>	City
<b>ADRIAN MICH CITY SCH DIST</b>	City
<b>ADRIAN MICH HOSP FIN AUTH REV</b>	City
<b>ADVANCED TECHNOLOGY ACADEMY PUB SCH ACADEMY MICH REV</b>	City
<b>AIRPORT MICH CMNTY SCH DIST</b>	City

# Financial Disclosure Reminders

- Issuers can schedule automated emails from **EMMA**® to be reminded of approaching annual or quarterly financial disclosure filing deadlines
- May include additional contacts to ensure all those interested in disclosures are alerted
- Nearly 7,000 municipal entities receive reminders from EMMA about their disclosure due dates





# Bank Loans and Voluntary Disclosure



# Voluntary Disclosures on EMMA

- Issuers may provide additional information to market participants on a voluntary basis via **EMMA**® including:
  - Pre-sale information such as preliminary official statements or investor and rating agency presentations
  - Information about the timing of and accounting standard used to prepare annual financials
  - Investor website address
  - Information about bank loans

# Bank Loan Disclosure

- MSRB recently renewed its calls for better disclosure of bank loans and other debt-like obligations on **EMMA**®
  - [Market Advisory, Jan. 2015](#)
  - [Letter on SEC Rule 15c2-12, Jan. 2015](#)
  - [Notice on Voluntary Disclosure Process, April 2012](#)
  - [Notice on Direct Purchases and Bank Loans as Securities, Sept. 2011](#)



## MSRB Resources on Bank Loans and Other Debt-like Obligations

The Municipal Securities Rulemaking Board (MSRB) believes that the availability of timely disclosure of additional debt in any form and debt-like obligations is beneficial to foster market transparency and to ensure a fair and efficient municipal market. The MSRB is concerned that investors and other market participants are often unaware of the potential impact of bank loans and other debt-like obligations on the seniority status of existing bondholders and the credit or liquidity profile of an issuer, among other implications. The MSRB developed the below resources to encourage voluntary disclosure of bank loans and other debt-like obligations of municipal securities issuers.

### ► MSRB Market Advisory on Disclosure of Bank Loans

*January 2015*

The MSRB advocated for enhanced transparency of undisclosed debt and provided best practices to support voluntary disclosure of bank loan information through the MSRB's EMMA website.

[Read the advisory.](#)

### ► MSRB Comment Letter on Securities and Exchange Commission Rule 15c2-12

*January 2015*

The MSRB urged the SEC to revisit its municipal market disclosure rule, Rule 15c2-12, and to consider changes to improve its operation and reflect current market practices. The letter encouraged the SEC to look to its disclosure standards for the corporate market as a precedent for disclosure of off-balance sheet obligations such as bank loans.

[Read the comment letter.](#)

### ► MSRB Notice Concerning Voluntary Disclosure of Bank Loans to EMMA®

*April 2012*

The MSRB first encouraged state and local governments in 2012 to make information about their bank loans publicly available on a voluntary basis on the EMMA website.

[Read the regulatory notice.](#)

### ► MSRB Notice on Potential Applicability of MSRB Rules to Certain "Direct Purchases" and "Bank Loans"

*September 2011*

The MSRB advised the market that bank loans could, depending on the nature of the transaction, be a private placement of municipal securities and therefore subject to specific regulatory requirements, including disclosure. Because determining whether these products are loans or securities is not a straightforward analysis, the MSRB encouraged the SEC to provide further guidance on this issue.

[Read the regulatory notice.](#)

# Market Advisory on Bank Loan Disclosure

- MSRB's recent advisory aims to:
  - Call attention to potential impact of undisclosed obligations
  - Reiterate encouragement of voluntary disclosure
  - Offer a new list of suggested best practices
- Prompted by increasing use of bank loans and continued lack of voluntary disclosure on EMMA
  - Since 2012, less than 100 properly submitted filings on **EMMA**®
  - Significantly more bank loans going unreported
- Investors and other market participants need fullest picture of an issuer's liquidity or credit profile

# Contact the MSRB

## MSRB Online

[msrb.org](https://msrb.org)

[emma.msrb.org](https://emma.msrb.org)

## MSRB Support

703-797-6668

*Hours of Operation:*

*7:30 a.m. - 6:30 p.m. ET*

[MSRBsupport@msrb.org](mailto:MSRBsupport@msrb.org)

## MSRB Email Updates

— Subscribe at [msrb.org](https://msrb.org)

## Follow the MSRB on Twitter

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