

[View in a browser](#)



### **Seeking Your Input on SEC Rule 15c2-12!!**

On March 1, 2017, the Securities and Exchange Commission (SEC) proposed amending Exchange Act Rule 15c2-12 to include additional event notices. GFOA has expressed serious concerns about the broad scope and potential unintended consequences of the proposed amendments. The SEC is seeking public comment on the proposed amendments by May 15, 2017. In order to assist the GFOA with developing its arguments and demonstrating the problems for state and local governments to undertake such broad action in its formal comment letter to the SEC, we would like to show how these amendments may affect the work that you do when issuing and maintaining continuing disclosure responsibilities. [Please take this short survey and let us know!](#)

### **SEC Proposed Amendments to Rule 15c2-12**

SEC Rule 15c2-12 currently requires bond dealers to review issuers' official statements before underwriting municipal bonds and to reasonably determine that the issuer has contracted to disclose annual financial and operating information, as well as material event notices, in the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (EMMA) system. Issuers make those guarantees to the underwriter in the continuing disclosure agreement (CDA). The proposed amendments would add to the list of event notices that the issuer agrees to disclose within the CDA, to benefit investors of the bonds and ensure they are aware of the entity's financial standing.

While currently the GFOA, in its Best Practices, recommends that issuers disclose when they enter a bank loan that may be material to outstanding bond holders, the SEC's proposal, goes much farther than bank loans. Additionally, the SEC is asking in very broad language for issuers to disclose when they incur "financial difficulties."

Specifically, the amendments would require information be disclosed within 10 days of the event in the following situations:

1. the incurrence and terms of material bank loans; direct purchases of securities by banks and other non-publicly offered debt; leases; guarantees; derivative instruments;

and monetary obligations resulting from judicial, administrative and arbitration proceedings; and

2. the occurrence of defaults, acceleration and termination events; and modifications of terms or other similar events which reflect financial difficulties (this phrase is not defined by the SEC).

Emily Swenson Brock  
Director, Federal Liaison Center  
Government Finance Officers Association  
(202)393-8467



Florida Government  
Finance Officers Association  
P.O. Box 10270  
Tallahassee, FL 32302  
Email us | (850) 222-9684



Unsubscribe

