



# Financial Disclosures: Protecting Market Access for Issuers

When state and local governments issue most types of municipal securities, their underwriters are required under Securities and Exchange Commission (SEC) Rule 15c2-12 to reasonably determine that the issuer, or other persons obligated to make payment on the securities, have agreed to provide ongoing disclosures, including updated financial information, to investors using the MSRB's [Electronic Municipal Market Access \(EMMA®\) website](#). The financial and operating status of any issuer of municipal securities is likely to change over time. Whether the changes are positive or negative, disclosing timely, accurate and complete financial information is critical for issuers, investors and the municipal market.

Enforcement actions by the [Securities and Exchange Commission \(SEC\)](#) against issuers that fail to provide adequate financial and other continuing disclosures illustrate that inadequate disclosure can result in federal securities law liability, negative publicity and higher costs of capital.

Issuers that regularly provide financial disclosures help protect their future access to the municipal market. To protect themselves, state and local government officials should take the following steps:

- Identify required financial disclosures
- Establish disclosure policies and procedures
- Schedule email reminders for recurring financial disclosures
- Make disclosures publicly available on EMMA

## Identify Financial Disclosure Obligations

Among the paperwork typically required to issue municipal securities is a document called a continuing disclosure agreement. The continuing disclosure agreement is a binding contract signed by the issuer that outlines certain minimum standards for the type and timing of ongoing information, including but not limited to financial disclosures, that must be disclosed to investors after the initial issuance of the securities. Issuers should review a copy of their continuing disclosure agreement to familiarize themselves with the type and timing of financial disclosures they pledged to provide.

## Establish Disclosure Procedures

Written policies and procedures support good disclosure and ensure appropriate staff understand how and when to meet the issuer's disclosure obligations. Many industry organizations provide guidance

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on disclosure practices, including templates for creating internal disclosure policies and procedures.



### **Schedule Email Reminders for Recurring Financial Disclosures**

Municipal securities issuers can schedule email reminders on the MSRB's EMMA website to help ensure timely filing of annual and quarterly financial disclosures. Email reminders alert those responsible for preparing and filing financial disclosures of upcoming deadlines. [Read more about scheduling and managing email reminders.](#)

### **Make Disclosures Publicly Available**

The [Electronic Municipal Market Access \(EMMA®\) website](#) is the official repository for financial disclosures and other information about municipal securities. It is also an effective centralized platform for issuers to communicate important information to the general public. The

EMMA website provides free public access to all information submitted by issuers, promoting fairness and efficiency in the municipal market.

Issuers can use the EMMA website to communicate additional disclosures that would be useful to investors, including investor presentations, links to investor relations websites, bank loan disclosures or quarterly financials.

The availability on the EMMA website of timely, accurate and complete financial disclosures enhances the integrity of the municipal securities market. Issuers that understand the importance of disclosing financial information to investors can help ensure a more transparent, fair and efficient municipal market.

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