

## Remarks of Lynnette Kelly, Executive Director

"MSRB's Issuer Protection Mandate"

### at the

# **Government Finance Officers Association Debt Committee Meeting**

Washington, DC

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### Introduction

- Hello and thank you for the opportunity to join you here today.
- I'm joined by Allen Sexton the MSRB's manager of business analysis and resident EMMA expert who will demonstrate recent enhancements to EMMA for submitting bank loan disclosures.
- These enhancements really stemmed from input we received from GFOA and the issuer community.
- So, if you have any doubt that we don't listen or are not responsive to industry concerns, I beg to differ.
- Before we start though, I wanted to thank you for your feedback and involvement, not only on bank loan disclosure submissions and other EMMA features and tools but for commenting on our rulemaking proposals, inviting us to participate in your conferences and for your help in constructing our educational offerings
- For example, several of you were at our offices earlier this week as part of our group of expert issuers who are helping to develop a free MuniEdPro issuer course.

#### **Issuer Protection Remarks**

- I want to have a dialogue about the relationship between the MSRB and the issuer community to hopefully establish a common understanding of our connection to each other.
- Not so long ago, Congress statutorily defined our relationship with the mandate under the Dodd-Frank Act for the MSRB to protect issuers and other municipal entities.
- No other regulator, to my knowledge, has a mission to "protect" the issuer of a security.
- I certainly see this unique mandate as an acknowledgment of the incredible importance of state and local governments' participation in the market that finances much of our country's vital infrastructure projects.
- It also reflects the significance of your role as stewards of taxpayer dollars.

- But at the same time, we understand that issuers particularly more sophisticated and frequent issuers hear the word "protection" and think, "paternalism."
- As the parent of adult son, I have been known to try to tell him what to do, only to be told in no uncertain terms to mind my own business.
- He is of course right and I bring that lesson to my day job.
- And Congress certainly did not intend for us to impinge on your autonomy.
- Our great system of federalism delegates power to the states, and as we all know, this power gives you the freedom to decide if, and when, to issue bonds.
- I view the MSRB's issuer protection mandate as an opportunity to further empower issuers, not constrain them.
- We've taken important actions in the name of issuer protection such as creating a regulatory framework for municipal advisors and ensuring underwriters fully understand their obligations to you.
- These initiatives have all aimed to reinforce the understanding that when state and local governments issue bonds, it is YOUR deal.
- You, as the issuer, make the decision to borrow.
- You decide whether to hire a municipal advisor to act as your fiduciary.
- You select the underwriter through the competitive or negotiated process of your choice.
- You assume the responsibility for providing investors with information that is timely, accurate and complete.
- It is, unquestionably, your deal.
- But we are here to ensure that the market can function well as a whole and that your individual decisions are enhanced in the process.
- So I'd like you to consider how the MSRB supports the process and empowers the issuer.

- First, the decision to borrow is unquestionably localized and autonomous.
- But understanding the conditions in the broader market and evaluating the performance of outstanding bonds are an essential part of any borrowing decision.
- That's where we come in.
- We empower issuers to better understand market conditions.
- With EMMA, all issuers now have access to resources that can help them evaluate the market.
- For example, you can analyze trade data to help evaluate pricing for new issues.
- And we are committed to doing even more to enhance issuers' assessment of market conditions.
- We recently added an economic calendar to EMMA, and soon a new issue calendar will show upcoming issues and the final pricing of those transactions.
- This information is power, and it can facilitate your decision-making process.
- The MSRB's further empowers issuers when it comes to hiring a municipal advisor.
- Working with an unregistered municipal advisor puts you at risk, potentially exposing you to unfair and predatory practices.
- A simple check on MSRB's website can confirm that a municipal advisor is properly registered and subject to our qualification regime.
- Our rules also provide issuers confidence the advice they receive from professionals result in transactions are suitable, appropriate and in their best interest.
- And MSRB rules regarding underwriters ensure they deal fairly and disclose potential conflicts of interest.
- How new bonds are distributed among investors remains the issuer's decision, and MSRB rules ensure that the underwriter honors your wishes.
- Once your bonds are in the market, it is your responsibility to provide investors with all material information in a timely and complete manner.

- Those of you here today are leaders in best practices in giving investors timely and complete information, and with our support, we want other issuers in the market to follow your lead.
- To that end, the MSRB provides numerous resources to help all issuers meet their disclosure obligations.
- Our email reminders can alert all those with disclosure responsibilities of upcoming deadlines.
- With EMMA, issuers can disclose information in just one place, and we support that
  process through education and even individualized assistance, providing live phone
  support 11 hours a day.
- We ensure visibility of your information in the marketplace, providing universal access to investors.
- Issuer homepages allow you to showcase the availability of your disclosures and demonstrate on a continual basis, that you deserve their continued confidence.
- The bottom line: We're not here to tell you how to conduct your business.
- We're here to offer rules and tools to enhance your business with transparency and integrity, and safeguard these transactions for you and your investors.
- So, if you think we've overstepped our authority, I have no doubt that you will let us know. That certainly is not our intent.
- With that, let me invite your questions and comments.
- Thank you.