



Understanding Continuing Disclosures

What Are Continuing Disclosures?

Continuing disclosures consist of important information about a municipal bond that arises after the initial issuance of the bond. This information, which is prepared by the state or local government that issued the bond, generally reflects the evolving financial or operating condition of the state or local government, as well as specific events occurring after a bond's issuance that can have an impact on any of the following:

- the ability of a state or local government to pay investors amounts owed on the bond
- the value of the bond if it is bought or sold prior to its maturity
- the timing of repayment of principal
- other key features of the bond

Each bond issue will have its own unique set of continuing disclosures.

What Are the Types of Continuing Disclosures Available?

Some continuing disclosures provide updated financial or operating information about the state or local government that issued the bond such as:

- annual financial information
- audited financial statements
- notice of failure to provide annual financial information on or before the date agreed to by the state or local government

Other continuing disclosures provide notification of specific events that may have an effect on repayment of a bond such as:

- principal and interest payment delinquencies
- non-payment related defaults
- unscheduled draws on debt service reserves reflecting financial difficulties
- unscheduled draws on credit enhancements reflecting financial difficulties
- substitution of credit or liquidity providers, or their failure to perform
- adverse tax opinions or events affecting the tax status of the security
- modifications to rights of security holders
- bond calls and tender offers
- defeasances
- release, substitution or sale of property securing repayment of the securities
- rating changes
- bankruptcy, insolvency or receivership
- merger, acquisition or sale of all issuer assets
- appointment of successor trustee

Why Are Continuing Disclosures Useful?

Continuing disclosures are intended to assist investors in determining the suitability of a bond, as well as some of the risks associated with the credit of



the state or local government. Financial and operating data of the state or local government, and information about an important event that could affect a bond provide ways for investors and others to more fully understand a municipal security and its features.

By looking at continuing disclosures, investors can compare annual financial information about a particular security from year to year, or between two similar securities. They can also read event notices to learn about actions or events that can affect a particular security.

Where Can Investors Access Continuing Disclosures?

The MSRB's Electronic Municipal Market Access (EMMA®) website, at emma.msrb.org, displays continuing disclosures provided by state and local governments, and other parties known as "obligated persons" under contractual agreements established when a bond is issued. The EMMA website also displays additional disclosures provided voluntarily by state and local governments and obligated persons.



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