



10 Things to Know: New SEC Rule 15c2-12 Requirements

The Municipal Securities Rulemaking Board (MSRB) operates the [Electronic Municipal Market Access \(EMMA®\) website](#) as the official platform through which municipal securities issuers and obligated persons disclose important information to investors and the market. The MSRB is providing this document to support compliance with regulatory changes requiring public disclosure through the EMMA website of events relating to certain financial obligations.

Understanding the Regulatory Disclosure Changes

[Read the SEC's adopting release amending Rule 15c2-12.](#)

1 SEC Rule 15c2-12 and its additional requirements.

The U.S. Securities and Exchange Commission's (SEC) Rule 15c2-12 requires an underwriter in a primary offering of certain municipal securities to reasonably determine that an issuer or obligated person has entered into a continuing disclosure agreement. A continuing disclosure agreement commits an issuer and/or obligated person to provide certain information to the MSRB on an ongoing basis concerning the occurrence of specified events pertaining to the issuer or the securities. SEC Rule 15c2-12 sets forth the types of disclosures an issuer or obligated person must undertake in a continuing disclosure agreement to provide for the benefit of its bondholder.

Amendments to SEC Rule 15c2-12 added two events for continuing disclosure agreements entered into on or after February 27, 2019, expanding the list from 14 to 16 events.

2 The two additional events relate to certain financial obligations of the issuer or other obligated person.

Events 15 and 16 under amended SEC Rule 15c2-12 are (emphasis added):

(15) **Incurrence of a financial obligation** of the obligated person, if material, or **agreement to covenants, events of default, remedies, priority rights, or other similar terms** of a financial obligation of the obligated person, any of which affect security holders, if material; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, **any of which reflect financial difficulties.**



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3 The SEC amendments define the term “financial obligation.”

The term “financial obligation” means a:

- **Debt obligation;**
- **Derivative instrument** entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or
- **Guarantee** of a debt obligation or derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation.

The term financial obligation excludes municipal securities for which a final official statement has been provided to the MSRB consistent with SEC Rule 15c2-12.

4 The compliance date was February 27, 2019.

Amendments to the rule apply if an issuer or obligated person enters into a continuing disclosure agreement in connection with an offering subject to SEC Rule 15c2-12 on or after February 27.

5 The additional disclosures must be made no later than 10 business days of the occurrence after the event.

As with the existing SEC Rule 15c2-12 event disclosures, the additional disclosures must be made in a timely manner, but no more than 10 business days after the event occurs.

► Event Disclosures Specified by SEC Rule 15c2-12

1. Principal and interest payment delinquencies
2. Non-payment related defaults*
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions or events affecting the tax-exempt status of the security*
7. Modifications to rights of security holders*
8. Bond calls* and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities*
11. Rating changes
12. Bankruptcy, insolvency or receivership
13. Merger, acquisition or sale of all issuer assets*
14. Appointment of successor trustee*
- NEW** 15. **Financial Obligation – Incurrence or Agreement* (as of February 27, 2019)**
- NEW** 16. **Financial Obligation – Event Reflecting Financial Difficulties (as of February 27, 2019)**

*Disclosure required if material

For a complete text of the rule, see <https://www.sec.gov/rules/final/2018/34-83885.pdf>



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Submitting Event Disclosures to EMMA

6 The process for submitting additional event disclosures to EMMA is similar to submitting disclosures for other event types.

Issuers, obligated persons and their agents submit event disclosures to EMMA in one of two ways:

- Manually through the EMMA Dataport user interface, or
- Through an automated computer-to-computer submission service.

The MSRB has updated both the EMMA Dataport user interface and automated service to accept submissions of the new event disclosure.

Disclosures made through either method are publicly displayed on the EMMA website, including the issuer's homepage page and Advanced Search.

7 Submitters are asked to provide a description, date and other information about the new event disclosures.

This description will be displayed on the EMMA website as entered. An "as of" date for the disclosure must also be provided.

Consistent with definitions and descriptions of the additional event disclosure requirements under SEC Rule 15c2-12, submitters also must provide additional information, as applicable (see image of required fields, right).

Submitting Additional Disclosures in EMMA Dataport

Financial Obligation - Incurrence or Agreement

Description: *

As of:  *

Type of Obligation
(Select one)*

Debt Obligation

Guarantee
(Select one)*

Debt Obligation

Derivative Instrument

Derivative Instrument

Financial Obligation - Event Reflecting Financial Difficulties

Description: *

As of:  *

Type of Event
(Select all that apply)*

Default

Event of Acceleration

Termination Event

Modification of Terms

Other

8 Submitters need to associate securities to event disclosures.

Submitters of event disclosures must indicate which of their securities to associate with the disclosure. For example, if an issuer enters into a new continuing disclosure agreement after February 27, 2019, and subsequently incurs a material bank loan—triggering event 15—the issuer would be required to submit disclosure to EMMA. The disclosure would be associated with those securities subject to the new continuing disclosure agreement. As a result, if investors were to search EMMA for information about those securities, they would see the disclosure about the bank loan.

Issuers can make disclosures easier for investors to find by customizing their [EMMA issuer homepage](#).



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The EMMA Dataport user interface enables submitters to upload a list of specific CUSIP-9s, add securities by CUSIP-6 or search for securities by CUSIP-6 and/or issuer name and state. Submitters also have the option to create a group of securities to save for use with future submissions. Read more about associating securities, and creating and managing groups, in the [EMMA Dataport Manual for Continuing Disclosure Submissions](#).

9 All documents uploaded to EMMA must meet MSRB file standards for submission.

The MSRB requires all disclosure documents to be submitted to EMMA as word-searchable PDFs. The recommended PDF file size is less than 200 MB, but multiple files may be submitted for one disclosure. Any confidential information, such as contact information, account numbers or other personally identifiable information, may be redacted from the documents prior to submission to EMMA. Submitters should take into account that EMMA is viewable from mobile and desktop devices and consider the best way to ensure the reliability of redaction, such as using redaction software.

10 Voluntary disclosures of bank loans and alternative financings can still be submitted to EMMA.

Any issuer may provide public information about a bank loan, alternative financing or other financial obligation on a voluntary basis even if not required to do so. Voluntary disclosures may be categorized using the new event disclosure types whether that information is required by SEC Rule 15c2-12 or voluntarily submitted. Consider using the word “voluntary” in the description of the financial obligation submission.

Alternatively, submitters may categorize voluntary bank loan or alternative financing disclosures utilizing the “other” categories available for voluntary event and financial disclosures. Submitters are invited to select all the categories that apply. Checking all applicable categories enables EMMA users to locate disclosures more easily.

The submission process that was previously used by issuers for voluntary disclosure of bank loans and alternative financings was discontinued on February 27, 2019. Submitters cannot modify disclosures about bank loans or alternative financings submitted before that date.

For assistance submitting continuing disclosures to the EMMA website, please contact MSRB Support at 202-838-1330 or MSRBsupport@msrb.org.

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