

Continuing Disclosure

– meeting your reporting obligations

Springsted provides services to issuers to help track and meet continuing disclosure reporting requirements. Service basics include:

- Inventory of the types of issues that require reporting.
- Identification of the reporting requirements by issue type.
- Written list detailing each issue where reporting is required.
- Timely requests for needed information from you.
- Filing and provision of and maintenance of filing receipts.
- Semi-annual inquiries for material events to remind you and help catch-up if anything was inadvertently not provided.
- Periodic review of publicly available bond ratings to seek out changes that may not have been reported to you.
- Responses to underwriter questions regarding filings.
- Responses to your questions regarding continuing disclosure, filings, changes in market response to disclosure, or changes implemented by the SEC.

What do I, as issuer, have to do?

Even if you contract with Springsted, we recommend you have an internal awareness and periodic review of your CD obligations. Springsted's service is designed to help with the process, but we must rely on you to help identify material events that need filing. We also rely on you to provide the financial information requested in a timely manner so that contractual CD commitments can be met.

What are material events?

In addition to specified financial information, certain events must be filed through EMMA. They are specified by Rule 15c2-12 and include things such as bond payment delinquencies, draws on debt service reserve funds, bond calls or defeasances, and rating changes. Since December 2010, some Rule 15c2-12 listed events are defined as material (like the ones listed above) and must be reported within ten (10) business days of occurrence. This has proved difficult for many issuers, particularly changes in ratings occurring outside of a new bond issuance. Springsted's semi-annual inquiries and other service elements try to reduce the lag in reporting material events if a 10-day notice event has inadvertently occurred.



Q&A – Continuing Disclosure

What is Continuing Disclosure?

Under SEC Rule 15c2-12, dealers that underwrite certain types of municipal securities must provide specified information to investors on an ongoing basis. This necessitates filing of annual financial information including, but not limited to, audited financial statements. Other information related to the finances or demographics of your organization may also have to be provided annually and certain events must be filed as they occur. (See “What are material events?”) Sometimes an “obligated party” other than the issuer is also required to file information. To comply with Rule 15c2-12, underwriters contract with the issuer and/or obligated party to have them provide and file specified information.

Is this New?

Continuing disclosure for municipal bonds has been around since July 1995. Initially, there were numerous places where information was filed but, in July 2009, the Municipal Securities Rulemaking Board introduced the Electronic Municipal Market Access (“EMMA”) system, which became the sole-source for these continuing disclosure filings. EMMA can be accessed online at www.emma.msrb.org. Timing for other filings is established by the agreement between issuer and underwriter.

What if I don't Report?

The SEC does not regulate issuers directly; however, they do require that underwriters disclose in any new official statements if there were failures by an issuer to timely report in the previous five years. You will be unable to issue bonds publicly if you do not accurately describe how you have complied with your CD agreements for the prior five years. Additionally, inaccurate official statement disclosure could lead to securities fraud charges by the SEC. You have contractually agreed with the underwriter of your bonds that you will make timely disclosure.