

**MEMO# 22756**

August 1, 2008

# **SEC Publishes MSRB Proposal to Establish a Service for Ongoing Disclosure of Municipal Securities Information**

[22756]

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TO: MUNICIPAL SECURITIES ADVISORY COMMITTEE No. 30-08SEC RULES MEMBERS No. 72-08 RE: SEC PUBLISHES MSRB PROPOSAL TO ESTABLISH A SERVICE FOR ONGOING DISCLOSURE OF MUNICIPAL SECURITIES INFORMATION

The Securities and Exchange Commission published for comment a proposed rule change by the Municipal Securities Rulemaking Board (“MSRB”) to establish a service for ongoing disclosure of municipal securities information (“continuing disclosure service”) through its Electronic Municipal Market Access (“EMMA”) system. [1] The continuing disclosure service would receive electronic submissions of, and make publicly available on the Internet, continuing disclosure documents from issuers, obligated persons, and their agents pursuant to continuing disclosure undertakings entered into consistent with Exchange Act Rule 15c2-12. [2]

According to the proposal, the continuing disclosure service would accept submissions of (1) continuing disclosure documents as described in Rule 15c2-12, [3] and (2) other disclosure documents specified in continuing disclosure undertakings entered into consistent with Rule 15c2-12. [4] At the time of submission, the submitter would provide information necessary to accurately identify:

- the category of information being provided;
- the period covered by any annual financial information, financial statements, other financial information, or operating data;
- the issues or specific securities to which such document is related or otherwise

material (including CUSIP number, issuer name, state, issue description/securities name, dated date, maturity date, and/or coupon rate);

- the name of any obligated person other than the issuer;
- the name and date of the document; and
- contact information for the submitter.

Submission to the continuing disclosure service would be made through password protected accounts on EMMA by issuers, obligated persons and designated agents. As proposed, the MSRB would not be responsible for the content of the information or documents submitted and displayed on the EMMA website. Instead, submitters would be responsible for the accuracy and completeness of all documents and information submitted to EMMA.

The proposal would require that all continuing disclosure documents and related information be submitted to the MSRB as a portable document format ("PDF") file through an Internet-based electronic submitter interface or electronic computer-to-computer data connection. Documents would be made available for the life of the securities as PDF files for viewing, printing and downloading. The proposal also would require that, starting at least nine months after approval by the Commission of the proposal, such PDF files must be word-searchable.

Public access to the documents and information would be provided through the continuing disclosure service on the Internet at no charge as well as through a paid real-time data stream subscription service. [5] As proposed, the subscription would not provide any documents or information in addition to what is made public through the EMMA website. Continuing disclosure documents would be made available for any issue for which such documents have been submitted to EMMA, regardless of whether the continuing disclosure undertaking was entered into before or after the establishment of the continuing disclosure service. EMMA would make available only those continuing disclosures submitted to EMMA on or after the launch of the continuing disclosure service.

The proposal notes that the MSRB may restrict or terminate malicious, illegal or abusive usage for such periods as may be necessary and appropriate to ensure continuous and efficient access to the EMMA system and to maintain the integrity of EMMA and its operational components.

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#### **endnotes**

[1] See SEC Release No. 58256 (July 30, 2008). Comments on the proposal are due 45 days after publication in the Federal Register. The proposal may be found at: <http://www.sec.gov/rules/sro/msrb/2008/34-58256.pdf>.

[2] Under Rule 15c2-12 of the Exchange Act of 1934, an underwriter for a primary offering of municipal securities subject to the rule is prohibited from underwriting the offering unless the underwriter has determined that the issuer or an obligated person for whom financial information or operating data is presented in the final official statement has undertaken in writing to provide certain items of information to the marketplace.

[3] Such items include: annual financial information concerning obligated persons; audited financial statements for obligated persons if available and if not included in the annual financial information; notices of certain events, if material; and notices of failure to provide annual financial information on or before the date specified in the written undertaking.

[4] The MSRB intends, on a future date, to file a proposal with the SEC for permission to discontinue CDINet in view of the proposed establishment of EMMA's continuing disclosure service. CDINet is a service of the MSRB that processes and disseminates notice of material events submitted to the MSRB.

[5] Fees for subscriptions to the continuing disclosure service would be established in a separate filing to be submitted to the Commission.