



## **SEC Proposes Amendments to Rule 15c2-12 to Expand Municipal Securities Disclosures**

Mar 21, 2017

Reading Time : **3 min**

By: John Patrick Clayton

### **Proposed Amendments**

The SEC is proposing amendments to Rule 15c2-12 that are intended to address its concern about investors and other market participants lacking adequate access to information about an issuer's or obligated person's financial obligations and financial difficulties as discussed below. Specifically, the proposed amendments would amend the list of events for which notice is to be provided to include:

- the incurrence of a financial obligation (e.g., debt obligation, lease, guarantee, derivative instrument or monetary obligation resulting from a judicial, administrative or arbitration proceeding) of the issuer or obligated person, if material, or agreements to covenant, events of default, remedies, priority rights, or other similar terms of a financial obligation of the issuer or obligated person, any of which affect security holders, if material
- default, event of acceleration, termination event, modification of terms or other similar events under the terms of the financial obligation of the issuer or obligated person, any of which reflect financial difficulties.

As is currently the case with event notices under Rule 15c2-12, the event notices for the incurrence of a financial obligation or financial difficulties would be required to be posted on EMMA in a timely manner not in excess of 10 business days. Issuers or obligated persons required by Section 13(a) or Section 15(d) of the Exchange Act to report certain events on

Form 8-K would already make such information public in a Form 8-K and should consider whether any related EMMA posting needs to be made.

## **Event Notices Under Rule 15c2-12**

Rule 15c2-12 is designed to address fraud and manipulation in the municipal securities market by prohibiting the underwriting of municipal securities and subsequent recommendation of those municipal securities by brokers, dealers or municipal securities dealers (collectively, “dealers”) for which adequate information is not available. Accordingly, under Rule 15c2-12, a dealer acting as an underwriter in a primary offering of municipal securities with an aggregate principal amount of \$1 million or more is prohibited from purchasing or selling municipal securities in connection with such an offering, unless the underwriter has reasonably determined, among other things, that an issuer of municipal securities, or an obligated person for whom financial or operating data is presented in the final official statement, has agreed to provide the MSRB with timely notice of certain events listed in Rule 15c2-12. In order to comply with this provision, underwriters require issuers of municipal securities or obligated persons to enter into a continuing disclosure agreement to provide event notices to the MSRB in a manner that is consistent with the requirements of Rule 15c2-12.

According to the SEC, investors and other market participants may either have no access or delayed access to information about the incurrence of a financial obligation by an issuer or obligated person. The SEC is concerned that this lack of access or delay in access to disclosure results in investors making investment decisions and other market participants undertaking credit analyses without important information. Furthermore, even if financial obligations are disclosed and accessible to investors and other market participants, the SEC is concerned that such information may not necessarily include certain details about the financial obligations. For instance, in audited financial statements or an official statement, the disclosure about the financial obligation may be limited to the amount of such obligation and may not provide certain details, such as whether the financial obligation contains covenants, events of default, remedies, priority rights or other similar terms of a financial obligation, any of which affect security holders, if material. Finally, the SEC is concerned that investors and other market participants may lack information regarding the occurrence of events reflecting an issuer’s or obligated person’s financial difficulties, including a default, event of acceleration, termination event, modification of terms or other similar events under the terms of a financial obligation.

Comments regarding the proposed amendments to Rule 15c2-12 can be submitted on the SEC’s [website](#) on or before May 15, 2017.

## Categories

Compliance

© 2025 Akin Gump Strauss Hauer & Feld LLP. All rights reserved. Attorney advertising. This document is distributed for informational use only; it does not constitute legal advice and should not be used as such. Prior results do not guarantee a similar outcome. Akin is the practicing name of Akin Gump LLP, a New York limited liability partnership authorized and regulated by the Solicitors Regulation Authority under number 267321. A list of the partners is available for inspection at Eighth Floor, Ten Bishops Square, London E1 6EG. For more information about Akin Gump LLP, Akin Gump Strauss Hauer & Feld LLP and other associated entities under which the Akin Gump network operates worldwide, please see our Legal Notices page.