

EMMA - THE FUTURE FOR MUNICIPAL MARKET DISCLOSURE

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Since 1995, the municipal market place has relied upon the SEC's designated Nationally Recognized Municipal Securities Information Repositories (NRMSIRs) as the source for investors to obtain primary and secondary market disclosure on municipal debt offerings. However, the NRMSIRs have not been a consistent resource for receiving and distributing disclosure information for issuers, obligors or investors. The turn of this century, has brought forth several innovations in streamlining the dissemination of data of to the NRMSIRs through such venues as DAC and DisclosureUSA. These sources have been somewhat successful, but have not provided a complete answer to the problems associated with dissemination of continuing disclosure information.

Now the Municipal Securities Rulemaking Board (MSRB) has created a system that parallels the centralized disclosure currently available for securities offerings by public companies through the SEC's EDGAR system. The MSRB's venue is called Electronic Municipal Market Access (EMMA), which is an electronic format that provides primary and secondary municipal market data along with real-time municipal bond trade price information. EMMA would eventually eliminate the need for the NRMSIRs. Furthermore, EMMA provides a detail index of disclosure information related to particular issuers and obligors.

Rule 15c2-12 currently requires underwriters to get commitments from issuers and obligors that the issuers and obligors will provide continuing disclosure information to the NRMSIRs. The SEC is now intending to amend Rule 15c2-12 to have underwriters get commitments from issuers and obligors that they will file continuing disclosure information only through EMMA. EMMA would provide investors with streamlined access to more information about municipal securities at no charge in order to make better investment decisions.

In a statement released by the SEC, Chairman Christopher Cox remarked about the turmoil of the municipal market and the proposed amendments to Rule 15c2-12, stating it would "bolster investor confidence in the municipal securities market, encourage improvement in the completeness and timeliness of investment disclosures, and foster increased interest in municipal securities by retail and institutional customers." The SEC expects to make a ruling on its amendments to Rule 15c2-12 and the implementation of the EMMA system later this fall. Until a ruling takes affect, the NRMSIRs will continue to be the designated venues for filing continuing disclosure information to municipal market place and issuers and obligors should continue to use services such as DAC or DisclosureUSA to comply with continuing disclosure obligations. ♦

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