

ANNUAL MUNICIPAL DISCLOSURE TRAINING WEBINAR

NOVEMBER 5, 2026 | 10:00AM – 11:30AM

HOUSEKEEPING

SLIDES

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SPEAKER INTRODUCTIONS

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Purpose and Agenda

The question running through all of it: who is responsible for what the issuer tells the market?

Where We Are Going in the Next 35 Minutes

1. **The legal framework, in plain terms**
   What the exemption does and does not do; the antifraud rules; materiality
2. **Who is responsible for what**
   Issuer ownership, the three jobs that must get done, the outside professionals
3. **The official statement — and everything else you say**
   Primary disclosure, Rule 15c2-12, and speech to the market
4. **Continuing disclosure, enforcement, and the handoff**
   What you must report, how to catch it, and what the cases teach

Groundwork, Not Answers

These slides set up the vocabulary and the legal baseline. We'll discuss how the regime works in practice during our panel discussion.

The Federal Legal Framework

What the Rules Actually Say

Section 3(a)(2) — the registration exemption

Municipal securities do not have to be registered with the SEC. No agency reviews or clears your offering document before you sell.

The Tower Amendment — why the SEC does not regulate you directly

A 1975 limit on SEC and MSRB authority: neither may require a municipal issuer to file documents with them before a sale. Federal reach is indirect — through underwriters, dealers, and municipal advisors.

Rule 15c2-12 — an underwriter rule

It tells the underwriter what to obtain and review. Your ongoing duties come from the continuing disclosure agreement you sign, not from the rule itself.

The Antifraud Rules — These Do Reach You

Section 17(a) of the Securities Act

Prohibits untrue statements of material fact, and misleading omissions, in the offer or sale of securities. Under subsections (2) and (3), negligence can be enough — the SEC need not prove you intended to mislead.

Section 10(b) and Rule 10b-5 of the Exchange Act

The general securities fraud rule. It reaches any issuer statement reasonably expected to reach investors and the trading markets — not just the offering document. Requires scienter.

Materiality

Substantial likelihood a reasonable investor would view the information as significantly altering the total mix of information available.

The takeaway: responsibility for the accuracy and completeness of your disclosure rests with the issuer — and it is non-delegable.
You can hire counsel to draft, an advisor to analyze, and an agent to file. You cannot hire anyone to be responsible for what the document says.

Who Is Responsible For What

Task	Who normally does the work	Who is responsible for the result
Deciding what the offering document says	Issuer staff, with disclosure counsel drafting	Issuer
Supplying the underlying facts and figures	Finance plus the departments that hold the facts	Issuer
Judging whether a fact is material	Issuer staff and disclosure counsel together	Issuer
Due diligence on the offering document	Underwriter and its counsel	Underwriter, for its own obligation
Annual filings and event notices	Whoever the issuer designates; a dissemination agent may file	Issuer
Statements made outside the offering document	Whoever is speaking for the agency	Issuer

“Who does the work” and “who is responsible” are different questions.
Only the second column changes from deal to deal.

The Three Jobs That Have to Get Done

Coordination

Think of it as air traffic control.
The job: know every obligation, every deadline, and every open question, and make sure nothing lands without someone watching it.

Qualities it takes:
Organized to the point of stubbornness; comfortable chasing people; close enough to the calendar to notice silence.

One person, clearly identified. The title does not matter.

Leading the effort

Think of it as owning the outcome.
The job: drive the overall staff effort, resolve the hard calls, and stand behind what the agency says.

Qualities it takes:
Enough seniority to convene other departments and to say no; enough judgment to know when to call counsel.

Usually the senior finance official, but it is a function, not a title.

Contributing the facts

Think of it as everyone who knows something.
The job: surface what finance cannot see on its own — litigation, operations, labor, capital condition, insurance, cyber.

Qualities it takes:
Knowing their own subject and knowing that a quiet problem in their department can become a disclosure issue.

Many people. They need to be asked, and they need to be told why.

A two-person agency and a two-thousand-person agency both have the same obligations.

The Outside Professionals — and Their Limits

DISCLOSURE COUNSEL

- Drafts and reviews the official statement for the issuer
- Advises on materiality and disclosure standards
- Does not own the document — and cannot absorb the issuer's responsibility for it

BOND COUNSEL

- Validity, tax, and security structure opinions
- Drafts the continuing disclosure undertaking
- Generally not the drafter of the disclosure narrative

FINANCIAL ADVISOR / MUNICIPAL ADVISOR

- Independent of the underwriter; owes a fiduciary duty to the issuer
- Registered and MSRB-regulated since Dodd-Frank
- Panel will cover: where the municipal advisor adds value, and where it should stay out

UNDERWRITER

- Conducts due diligence on the offering document
- Must reasonably determine a continuing disclosure undertaking exists

DISSEMINATION AGENT

- Files to EMMA on the issuer's behalf
- Tracks deadlines and CUSIP tagging
- Delegation of the task is not delegation of responsibility

TRUSTEE

- May surface certain events, such as defeasances or trustee changes
- Underwriter's counsel, where engaged, represents the underwriter — not the issuer

Every one of these professionals improves the document. None of them takes on the issuer's responsibility for it.

Primary Disclosure — The Official Statement

THE ISSUER OWNS THE DOCUMENT

The official statement is the issuer's document. The issuer speaks in it, and the issuer is responsible for what it says.

The issuer is charged with knowledge of its own affairs. There is no diligence defense for an issuer that did not look.

Individual officials can face personal exposure for material misstatements or omissions.

Retaining disclosure counsel, a municipal advisor, bond counsel, and an underwriter does not shift that responsibility. They improve the document. They do not assume the risk.

WHAT THE DOCUMENT IS

A description of the credit

What is being sold, what secures it, and what could go wrong.

A picture of the issuer

Financial condition and operations, presented so a reader can understand them.

A record of past performance

How the issuer has handled its prior continuing disclosure commitments.

A complete picture, not a partial one

Once a subject is raised, it has to be presented fully. A true statement can still mislead.

A document, not a brochure

It is written to inform a reader making a decision, not to present the agency favorably.

Materiality — The Governing Standard

"There must be a substantial likelihood that the disclosure of the omitted fact would have been viewed by the reasonable investor as having significantly altered the 'total mix' of information made available."

TSC Industries, Inc. v. Northway, Inc., 426 U.S. 438 (1976), adopted for Rule 10b-5 in Basic Inc. v. Levinson, 485 U.S. 224 (1988).

What the Cases Actually Hold

TSC Industries (1976)

Rejected a standard that would have swept in anything an investor might conceivably find relevant. Materiality requires significance, not mere interest.

Basic v. Levinson (1988)

For contingent or future events, materiality depends on the probability the event occurs weighed against its magnitude. There is no bright line and no safe harbor for "not final yet."

Matrixx Initiatives (2011)

Confirmed there is no mechanical or numerical threshold. Materiality is assessed on the total mix, not a percentage test.

How This Looks in Hindsight

- **Often the question regulators ask is what did the issuer know and not say.**
- **Regulators ask this question with 20/20 hindsight.**
- **Expect "reasonable investor" to be construed unfavorably to the issuer.**

Rule 15c2-12 and the Underwriter

What the Rule Requires of the Underwriter

1. Obtain and review an official statement the issuer has deemed final, before bidding for, purchasing, offering, or selling the bonds.

2. Reasonably determine that the issuer or obligated person has entered into a continuing disclosure undertaking.

That second requirement is why the continuing disclosure agreement exists. The rule never commands the issuer to file anything — it conditions the underwriter's participation on the issuer having promised to.

(The rule also covers delivery and availability of the final official statement — mechanics the working group handles.)

Why This Should Matter to You

MCDC settled how seriously to take secondary market disclosure.

The SEC's 2014 Municipalities Continuing Disclosure Cooperation initiative produced actions against 72 issuers and 72 underwriters over inaccurate statements about past compliance.

The lesson was not the penalties. It was that the SEC treats a failure to keep your continuing disclosure promises as a securities matter, not a housekeeping lapse.

Take continuing disclosure as seriously as you take the official statement.

“Speech to the Market” — Broader Than You Think

Things the SEC Has Treated as Speech to the Market

A mayor’s state-of-the-city address.
Harrisburg (2013) — the SEC’s first action based on public statements by an official outside any offering document, including a budget presentation and remarks from the dais.

A city’s own website and annual report.
Harrisburg again: material posted for residents was treated as reaching investors, because investors had nowhere else to look.

A pension funding presentation to a board.
Illinois (2013) and New Jersey (2010) — statements about pension funding made in public documents and presentations, charged as misleading to the market.

Comments made from the dais at an open meeting.
Board and council remarks are public, recorded, webcast, and permanent. An offhand reassurance about the budget is a statement.

Silence, once you have started talking.
If EMMA is stale, whatever you have said elsewhere becomes the total mix by default.

SEC Staff Legal Bulletin No. 21

Staff has said the antifraud provisions reach issuer statements reasonably expected to reach investors and the trading markets — websites, public reports, budgets, mid-year financials, press releases, interviews, and officials’ speeches.

Staff guidance is not itself a rule and creates no new obligations. It describes how the staff reads existing law.

Rule 10b-5 does not stop at the four corners of the offering document.

The practical question — who is responsible for what gets said outside the offering document — is one for the panel.

What You Have to Report — The Listed Events

Grouping	Event categories (Rule 15c2-12(b)(5)(i)(C))	Usually surfaced by
Payment & financial stress	Payment delinquencies; non-payment defaults; unscheduled draws on reserves or credit enhancement; bankruptcy or insolvency	Finance staff
Credit & ratings	Rating changes; substitution or failure to perform by credit/liquidity provider	Rating agencies, trustee, finance staff
Tax & bondholder rights	Adverse tax opinions or IRS actions; modifications to holder rights; bond calls and tender offers; defeasances	Counsel
Security & entity changes	Release, substitution or sale of secured property; merger, consolidation or asset sale; successor trustee or name change	Counsel and administration
Financial obligations (added 2018)	Incurrence of a material financial obligation, and any default, modification or similar event under one. A financial obligation is a debt obligation, certain derivatives, or a guarantee of either — bank loans and direct placements count; ordinary operating leases and trade payables do not.	Finance staff with counsel
The materiality qualifier	Several categories are reportable only if material; the rest are reportable on occurrence. Read your own undertaking — it controls.	Issuer, with counsel

Event notices are generally due within 10 business days. The 2018 financial obligation amendments took effect October 30, 2018, with a February 27, 2019 compliance date. Full list in the handout.

Staying Compliant — Building a Monitoring Program

THE ANNUAL CYCLE

Your undertaking sets the deadline — and each one may differ.

Annual financial information and operating data, in the form the undertaking specifies.

Audited financial statements when and if available.

File to EMMA, tagged to every relevant CUSIP.

File a failure-to-file notice if you miss the deadline. It is itself a required document.

Calendar it backward from the deadline, not forward from the audit.

CATCHING THE EVENTS

The usual failure is not ignorance of the event. It is not connecting a known event to a filing obligation.

Translate the list into your own vocabulary.

Attach the question to existing approvals. Any item going to the board, any new credit agreement, any rating call — add one line: does this trigger a filing?

Tell the people who see events first. Treasury, risk, legal, and the clerk's office encounter listed events before finance hears about them.

Run a short standing check-in rather than relying on someone to remember.

KEEPING IT HONEST

Keep an inventory of every undertaking, with its deadline, content requirements, and CUSIPs.

Read your own EMMA page once a year, as an investor would.

Sign up for EMMA's free reminder emails.

If you use a dissemination agent, confirm the filing posted — delegating the task does not delegate the responsibility.

Your compliance record is described in your next official statement and reviewed by your underwriter. Today's missed filing is tomorrow's disclosure item.

One person has to be named and has to know they are the one. The title does not matter.

Takeaways

1. Responsibility for disclosure is the issuer's, and it cannot be delegated to anyone you hire.
2. Counsel drafts and advises. The document still belongs to the issuer, and so does the risk.
3. The underwriter and the municipal advisor each bring diligence and an independent read.
4. Three jobs always have to get done: coordination, leading the effort, contributing the facts.
5. Smaller agency: Be clear about who is responsible for disclosure and ensure they have the proper training/understanding.
6. Larger agency: formalize how you ask other departments for facts, and how the board engages.
7. Treat continuing disclosure as seriously as the official statement.

MANAGING THE DISCLOSURE PROCESS



PANEL DISCUSSION

- Roles on the Disclosure Team
- Disclosure Development
- Issuer Coordination
- Takeaways

QUESTIONS?









Enter your question in the **'Q&A' tab** of the Slido panel to be addressed by today's panelists.

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UPCOMING EVENTS

Advanced Public Funds Investing: Portfolio Management Strategies
February 25–26, 2027 | Sacramento, CA

For more information, visit:
treasurer.ca.gov/CDIAC/Education