

[Securities Regulation Daily Wrap Up, MUNICIPAL SECURITIES NEWS— Clayton, SEC muni office urge more disclosures by issuers, \(May 4, 2020\)](#)

Securities Regulation Daily Wrap Up

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SEC Chairman Jay Clayton and Rebecca Olsen issued a statement suggesting ways in which municipal securities issuers could provide additional information to markets during the COVID-19 crisis.

According to SEC Chairman Jay Clayton and Rebecca Olsen, Director of the SEC's Office of Municipal Securities, municipal securities issuers can do more to provide information to markets during the COVID-19 crisis, including through some voluntary disclosures. State and local finances have come under extreme pressure due to states' essentially abandoning earlier budget assumptions for 2020 and the uncertainty of whether Congress will follow up the CARES Act with additional relief earmarked for state and local governments. Clayton and Olsen summarized their views on municipal issuer disclosures in a late afternoon [statement](#).

The statement largely follows earlier guidance provided by the SEC to corporate issuers about making more fulsome disclosures faster in light of the COVID-19 crisis. The statement noted that U.S. municipal markets are skewed toward a diverse set of retail investors and encompass a large number of highly diverse issuers whose securities account for nearly \$3 trillion in outstanding municipal securities.

Additional disclosures, the statement said, could be made on a voluntary basis, although the statement acknowledged that such disclosures can raise questions about potential liability. Among other things, the statement said the SEC likely would not "second guess[]" disclosures made in good faith. The statement also noted that while certain safe harbors for forward-looking disclosures for corporate issuers are not available to municipal issuers, municipal issuers could invoke the bespeaks caution doctrine in making forward-looking disclosures.

Specifically, the statement suggested a range of disclosure topics for municipal issuers, including:

- impact of COVID-19 on operations and financial condition;
- sources of liquidity;
- availability of federal, state, and local aid; and
- reports on how the issuer has responded to COVID-19.

With respect to a municipal issuer's operations and financial condition, the statement said " we urge these issuers to consider providing voluntary disclosure regarding the current and reasonably anticipated future impacts of COVID-19 on their operational and financial condition." The statement went on to note that municipal issuers also could discuss changes to revenues (including delays in collection), un-budgeted costs, and how their operations and financial condition might change due to an evolving response to COVID-19.

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