



Understanding Official Statements

What Is an Official Statement?

An official statement is a document prepared by or on behalf of a state or local government in connection with a new issue of municipal securities. In some respects, an official statement is comparable to a prospectus for a corporate equity or debt offering. An official statement describes the essential terms of the bonds. It typically provides the most detailed description of the terms and features of the bonds through maturity, unless and until these terms have been modified.

Information in an official statement includes the terms under which bonds can be redeemed prior to maturity, the sources of money pledged to repay the bonds, and the state or local government's covenants for the benefit of investors. The following information is typically included in an official statement:

- The interest rate or, if the interest rate is variable, the manner in which the rate is determined
- The timing and manner of payment of the interest on and the principal of the bonds
- The minimum denomination in which the bonds may be sold
- Whether the bonds can be redeemed by the state or local government prior to maturity and, if so, on what terms
- Whether the investor has the right to require the state or local government to repurchase the bonds at their face value

- The sources from which the state or local government has promised to make payment on the bonds
- Whether any bond insurance, letter of credit or other guarantees have been provided for repayment
- The consequences of a default by the state or local government
- A description of outstanding debt, the authority to incur debt, limitations on debt and the future debt burden
- A description of basic legal documents such as authorizing resolution, indenture and trust agreement
- Legal matters such as pending proceedings that may affect the securities offered, legal opinions and tax considerations

Official Statements on the EMMA Website

Investors can obtain official statements on the MSRB's Electronic Municipal Market Access (EMMA[®]) website, at emma.msrb.org. Brokers must provide investors with information on how to obtain an official statement from the EMMA website. If you are buying the bond as a new issue, you may ask your broker to provide you with an official statement.

Official Statements Not Available on EMMA

Sometimes, an official statement that an investor is seeking is not available on the EMMA website. The most common reason is that the investor is searching for

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The EMMA website posts the official statement to the public immediately upon receiving it from the underwriter.

an official statement for a newly issued security that has not yet been received by the MSRB. State and local governments usually do not complete preparation of the official statement until after the first trading day of the security and generally are under contract to provide the official statement for a new municipal security to the underwriter within seven days of the date. The EMMA website typically posts the official statement to the public immediately upon its submission by the underwriter to the MSRB.

Another reason an investor may not find an official statement on the EMMA website is if the official statement was prepared prior to 1990. Before 1990, underwriters of municipal securities were not required to provide the MSRB with copies of official statements.

In general, a broker-dealer or bank cannot underwrite a new issue of municipal securities unless it receives an official statement from the state or local government under certain SEC

rules. However some municipal securities offerings do not require that official statements be provided to the MSRB. The following municipal securities offerings do not require the preparation of an official statement:

1. The size of the new issue is \$1 million or less;
2. The bonds cannot be sold to investors in units smaller than \$100,000 (“\$100,000 minimum denomination”) and are sold to no more than 35 “sophisticated” investors;
3. The bonds are sold in \$100,000 minimum denominations and have a maturity of nine months or less from initial issuance; or
4. The bonds are sold in \$100,000 minimum denominations and the bond owners can require the state or local government to repurchase the bonds at face value at least as often as every nine months.



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