

*This is your Release #13 (October 2024)*

# **The Securities Law of Public Finance**

***Third Edition***

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*The Securities Law of Public Finance* covers each aspect of the regulatory framework controlling the issuance and trading of municipal securities, with special attention to disclosure and fraud issues, including the sovereign immunity defense. The treatise clarifies and analyzes the law to give you the smart, steady guidance you need to comply more confidently with registration, disclosure, due diligence, fiduciary, and contractual requirements and avoid costly legal actions.

The many developments that occurred throughout the year are covered throughout this update. For example:

- Chapter 4 on asset-backed securities, derivatives, and other financial products is updated to reflect the SEC's adoption of its rule prohibiting conflicts of interest in asset-backed securities (1933 Act Rule 192), including municipal asset-backed securities, applicable to broker-dealers, municipal advisors, and issuers of such securities. This update also reflects the SEC's exemptive order in connection with its over-the-counter quotation rule (1934 Act Rule 15c2-11) for offerings of fixed-income securities under Rule 144A of the 1933 Act. FINRA's proposed new rules to require reporting of securities lending activity, including loans of municipal securities, as mandated by the SEC under the Dodd-Frank Act are summarized.
- Chapter 8 now discusses recent rulings in municipal bankruptcy proceedings relating to the City of Chester, Pennsylvania and the Puerto Rico Electric Power Authority (PREPA) concerning the means by which current and future revenues are subjected to the pledge or lien of the security for debt obligations. Importantly,

*(continued on reverse)*

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the First Circuit rejected the PREPA bankruptcy court's ruling that the bondholders were only secured by current and future net revenues of PREPA once they were deposited in the sinking fund for the bonds.

- Chapter 10 now discusses the significance of a 2023 amendment to Regulation M removing an exception for certain investment grade securities, a change that was mandated by the Dodd-Frank Act. The supplement discusses the Regulation M amendment and its application to section 3(a)(4) securities. The discussion of tender offers discusses an SEC 2021 cease-and-desist order with Crews & Associates Inc. and its former CEO involving Crews' recommendation of a tender offer to its county client without disclosure of the firm's ownership of many of the municipal securities that would be the subject of the tender offer.
- Chapter 11 on municipal advisor regulation includes significantly expanded discussions of enforcement actions relating to municipal advisors with regard to both their regulatory obligations and their fiduciary obligations. In addition, this update provides further analysis of the interrelationship between municipal advisory activities and other professional activities undertaken by municipal advisor firms. The discussion of applicable MSRB and SEC rules is also updated to reflect more recent rulemaking by the MSRB, including with respect to solicitor municipal advisors and the obligations of municipal advisors to obtain CUSIP numbers in some competitive offerings, as well as to provide a more extensive discussion of supervisory and recordkeeping requirements.
- Chapter 14 on fraud concepts in public finance is updated with a focus on trends in Supreme Court decisions, including implications of the ruling in *SEC v. Jarkesy* holding that a defendant is entitled to a jury trial when the SEC seeks civil penalties for fraud, and the holding in *Macquarie Infrastructure Corp. v. Moab Partners L.P.* that there are circumstances in which an issuer may not be subject to Rule 10b-5(b) civil liability for pure omissions to provide information. The holding is considered for its possible application to municipal issuers that fail to file periodic or event disclosures with the MSRB. There is a discussion of Supreme Court trends in extending the scope of potential defendants who are secondary actors in making new issue official statement disclosures.

The **Table of Authorities** and the **Index** have also been updated.

Thank you for purchasing *The Securities Law of Public Finance*. If you have questions about this product, or would like information on our other products, please contact customer service at [info@pli.edu](mailto:info@pli.edu) or at (800) 260-4PLI.

# FILING INSTRUCTIONS

## The Securities Law of Public Finance

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### REMOVE OLD PAGES NUMBERED:

#### VOLUME 1

- ☐ Title page to lxviii
- ☐ 4-1 to 4-105
- ☐ 8-1 to 8-223

#### VOLUME 2

- ☐ Title page to 10-178
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- ☐ 14-1 to 14-226
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#### VOLUME 1

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