Introduction to the

SIFMA Model Issue Price Documents Version 2.0

May 5, 2018

On May 2, 2017, SIFMA released municipal security issue price model documents in an effort to aid industry market participants in compliance with the new [Treasury Department issue price rules](https://www.federalregister.gov/documents/2016/12/09/2016-29486/issue-price-definition-for-tax-exempt-bonds) for municipal securities, which became effective on June 7, 2017.

In light of the experience of our members in the municipal market over the past year, SIFMA is now releasing an update to its municipal security issue price model documents. The proposed revisions to the Issue Price Riders address certain issues and questions from SIFMA member firms that have arisen since that original distribution.

The model documents are available at the following link: [www.sifma.org/issuepricedocs](http://www.sifma.org/issuepricedocs).

SIFMA and its members believe that issue price model documents help industry members reduce legal costs and regulatory risk while increasing legal certainty. The documents are designed to make it easier for banks and broker dealers to assist their issuer clients in complying with the issue price rules and in understanding the expectations of market participants while promoting transparency of sales terms for both issuers and underwriters.

The principal changes from SIFMA Model Issue Price Documents 1.0 to SIFMA Model Issue Price Documents 2.0 include the following revisions for the Master Agreement Among Underwriters (“MAAU”) and Agreement Among Underwriters (“AAU”), the Selling Group Agreement, the Third Party Distribution Agreement, the Bond Purchase Agreement (“BPA”) and the Notices of Sale (“NOS”) (the revisions include parallel language for each separate rider, so the same change shows up a number of times in the document):

* Notification to the Manager is required of sales of any Securities made to a related party and of failure to comply with the issue price rules.
* The Manager may assume, unless advised otherwise, that sales of the Securities have been made to the public and that each “underwriter” has complied with its obligations for establishing issue price.
* The reporting obligation following the Closing Date relating to sales of Securities subject to the 10% test may be at reasonable periodic intervals or otherwise upon request of the Manager/Representative or, as applicable, the Issuer or bond counsel; an additional drafter’s note has been added to clarify the reporting obligation and to confirm that if all maturities of the Securities are subject to hold-the-offering-price (“HTOP”), the related reporting obligation ends after the relevant period of five business days.
* MAAU liability language has been expanded to address allocation of liability in the event of failure to comply with the issue price rules; similar liability language has been added to the Third-Party Distribution Agreement.
* An additional drafter’s note has been added to most of the riders to address the several liability of underwriters for the failure of an underwriter to comply with its obligations relating to the establishment of issue price.
* Selling group members are required to include parallel notice provisions in any third-party distribution agreement to be employed by the selling group member in connection with the initial sale of the Securities to the public.
* The Selling Group Agreement and Third-Party Distribution Agreement riders have been made applicable to competitive as well as negotiated transactions.
* The use of “related party” has been clarified to be more consistent among the various riders.
* The defined term used throughout the riders has been changed from “retail distribution agreement” to “third-party distribution agreement” in recognition of the fact that those agreements often are not limited to retail sales.
* Parallel changes are included in the riders for the BPA and NOS to obligate the Manager or winning bidder to include the required notice provisions described above in any AAU, selling group agreement and third-party distribution agreement.
* Language has been added in the Selling Group Agreement and the Third-Party Distribution Agreement requiring the Dealer or Broker-Dealer to indemnify the Underwriters in the event the Underwriters are liable to make any payment to the Issuer as a result of the Dealer’s or Broker-Dealer’s failure to comply with its obligations relating to establishment of issue price.

As a reminder, each of these items is a model document intended to be used as a common starting point for drafting the various issue price riders that may be necessary for industry participants to comply with the changes to the issue price regulations that were effective on June 7, 2017. The issue price riders aim to enable issuers to comply with the requirements of the issue price regulations while continuing to allow issuers to obtain the best possible pricing for their securities offerings.

If any questions or concerns regarding the SIFMA Model Issue Price Documents Version 2.0 arise, please contact Leslie Norwood at lnorwood@sifma.org.