



**SIFMA Notice to Members**  
**Regarding Trading Municipal Securities in Payment Default**

SIFMA members may wish to use or modify the following language as a disclosure at the time of trade to customers who sell municipal securities in payment default as part of a trade confirmation or by other means.

Notwithstanding any provisions of the governing bond documents to the contrary, the seller and buyer of the [specified bonds or issuer], agree as follows. All trades of the referenced bonds between [dealer name] and any other party with trade date of [date of payment default] or thereafter will be without accrued interest, i.e., "flat." The buyer of bonds will have all rights and claims to any and all unpaid principal and interest due on or after [date of payment default] and to all future distributions and/or exchanges up until such time the buyer subsequently sells the bonds. Once an investor sells its bonds, it relinquishes all rights and claims to unpaid principal and interest and to any distributions and/or exchanges that occur after the sale trade date, including for unpaid amounts due while it was the holder.

August 4, 2016