



MEMORANDUM

TO: Pennsylvania Association of Bond Lawyers (“PABL”)

FROM: Kristi Poling
Dilworth Paxson LLP

SUBJECT: Limited Obligation Disclosure Language on the Cover of Certain Preliminary Official Statements and Official Statements

DATE: February 5, 2010

PABL members should be aware that pursuant to Pennsylvania Securities Commission (the “Commission”) regulations governing advertising literature (including offering materials), any non-general obligation debt “issued by the Commonwealth, any political subdivision, or any agency or corporate or instrumentality thereof” under section 202(a) of the Pennsylvania Securities Act of 1972 that is advertised in the state for offer or sale must bear limited obligation language on the cover in bold 12 point font. The requirement specifically applies to both preliminary offering statements and official offering statements. 64 Pa. Code § 606.031(d)(2).

This issue was raised by a working group member during the preparation of a preliminary official statement for conduit bonds being issued by a local agency last Fall. As other members of the working group had not heard of this requirement previously and a review of numerous official statements for bonds issued by Pennsylvania municipalities and agencies posted online indicated that this rule was typically not followed, the Commission was contacted to determine the current status of the regulation.

A member of the Commission’s Corporate Finance division reviewed the matter and did not suggest that the Commission would take enforcement action related to offering documents published in the past where there was an inadvertent omission. However, going forward, practitioners should be aware that the regulation requiring the use of 12 point bold font for limited obligation language is in effect. This requirement is addressed in the Fall 2009 issue of the Commission’s newsletter *The Bulletin*, which may be found at <http://www.psc.state.pa.us/newsroom/cbulletin/fall09.pdf>.