

POST-ISSUANCE COMPLIANCE WEBINAR 2026 UPDATES

Presented By:

Alan Bond, Amy Kron, Sandee Stallings (BLX)

Ed Oswald, Kevin Roche (Orrick)

Emily Brock (GFOA)

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Discussion Outline

- I. Market/Washington/IRS Recap
- II. FDTA – Financial Data Transparency Act
- III. Investments and Arbitrage
- IV. Spaceports
- V. Questions



CPE and MCLE Credit Information

- Polling questions will be utilized to verify attendance
- You must respond to **all 3 polling questions** to be eligible for credits
- Email csixtos@blxgroup.com
- Subject line -- CPE and/or MCLE Credits
- Body of the email – state that you are requesting the applicable (CPE and/or MCLE) credits
- **FOR MCLE ONLY** – attendance sheet will be sent to you via email, please include code **PIC2026**

PIC

WORKSHOP



Hybrid Event – November 19-20, 2026
Andaz Scottsdale • Livestream

A Comprehensive Overview of Post-Issuance Tax Law and SEC Secondary Market Disclosure for 501(c)(3) Organizations and State and Local Governments Who Utilize Tax-Exempt Financing

November 19-20, 2026
Andaz Scottsdale & Virtual

Registration opens in May.

www.blxgroup.com/picworkshop2026/

Disclaimer

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We encourage you to reach out to your BLX representative or Orrick attorney to discuss the particular facts of your situation.

Market/Washington/IRS Recap

Muni Market Recap

- 2025
 - Record new issuance volume for second consecutive year
 - \$586 billion total issuance, up 14% from 2024 and 52% from 2023
 - Primarily driven by growth in new money issuance, up 20%
 - Taxable issuance dropped for the 5th year in a row
- 2026
 - Issuance forecasts around \$600 billion
 - Recent Bond Buyer survey sites political uncertainty as biggest threat over next 5 years

Poll Question #1

Statement: I am optimistic about the overall outlook for the municipal bond market and my organization's particular segment over the next 12 months –

A1: True

A2: False

A3: I really don't know

Washington Recap

- Tax Reform
 - 2025 – One Big Beautiful Bill – left tax-exemption for municipal bonds in place
 - We're all good now, right???
 - Not so fast.....
 - 2026 – Reconciliation discussions front and center again with Congress potentially passing a second and third major budget reconciliation bills
- Advance Refundings

IRS Recap

- Proposed Arbitrage Regulations – March 11, 2026
 - Removing a provision that only applies to reserve funds issued before August 1997
 - Extending the time for filing a refund claim for rebate payments made after final maturity of the bonds
 - Clarifying an undefined reference to “arbitrage restrictions”
 - Imposing a requirement for actual cash (i.e., taxable bonds) to be available for making certain allocations of non-bond proceeds to non-qualified expenditures
 - Updating the limitations on state-level permanent school funds that serve as guarantees for school bonds
 - Clarifying the treatment of the interim 90-day certificates issued by the Treasury to replace demand deposit SLGS when the SLGS window is closed
 - Clarifying certain refunding issues for student loan bonds
 - Updating the address for mailing certain documents to the IRS

IRS Recap

- Enforcement and oversight
 - 2025 – 2026: Major cuts to TEGE workforce
 - Additional cuts proposed as recently as last week
 - Agents assigned will not specialize in sectors and may need "hands on" training, lengthening duration of audit
 - For inexperienced agents, it is way more feasible to assess the facts than to interpret the law
 - Expect use of AI in selection and review of submissions
 - Audits are technical and time consuming – outside expertise is practically required
 - **Reality** – still seeing a lot of audits?

FDTA – Financial Data Transparency Act

FDTA – Data Standards Sec. 101



- “(1) COMMON IDENTIFIERS; QUALITY.—The data standards established in the final rules under subsection (b) shall—
- “(A) include common identifiers for collections of information reported to covered agencies or collected on behalf of the Council, which shall include a common nonproprietary **legal entity identifier** that is available under an open license for all entities required to report to covered agencies; and
- “(B) **to the extent practicable**—
 - “(i) render data **fully searchable and machine-readable**;
 - “(ii) enable **high quality data through schemas**, with accompanying metadata documented in machine-readable taxonomy or ontology models, which clearly define the semantic meaning of the data, as defined by the underlying regulatory information collection requirements;
 - “(iii) ensure that a data element or data asset that **exists to satisfy an underlying regulatory information collection requirement** be consistently identified as such in associated machine-readable metadata;
 - “(iv) be **nonproprietary** or made available under an **open license**;

5

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FDTA – Municipal Securities Sec. 203



- ‘(8)(A) The Commission shall adopt data standards for information submitted to the Board.
- “(B) Any data standards adopted under subparagraph (A) shall incorporate, and ensure compatibility with (to the extent feasible), all applicable data standards established in the rules promulgated under section 124 of the Financial Stability Act of 2010...
 - (C) The Commission shall consult market participants in establishing data standards under subparagraph (A)....
- (b) RULEMAKING.—
 - (1) IN GENERAL.—Not later than 2 years after the date on which final rules are promulgated ... as added by section 5811(a) of this title, the Securities and Exchange Commission shall issue rules to adopt the data standards required ...
 - (2) SCALING OF REGULATORY REQUIREMENTS; MINIMIZING DISRUPTION.—(the SEC shall...)
 - (A) may scale those data standards in order to reduce any unjustified burden on smaller regulated entities; and
 - (B) shall seek to minimize disruptive changes to the persons affected by those rules.

3 SEC. 203. DATA TRANSPARENCY AT THE MUNICIPAL SECURITIES RULEMAKING BOARD.

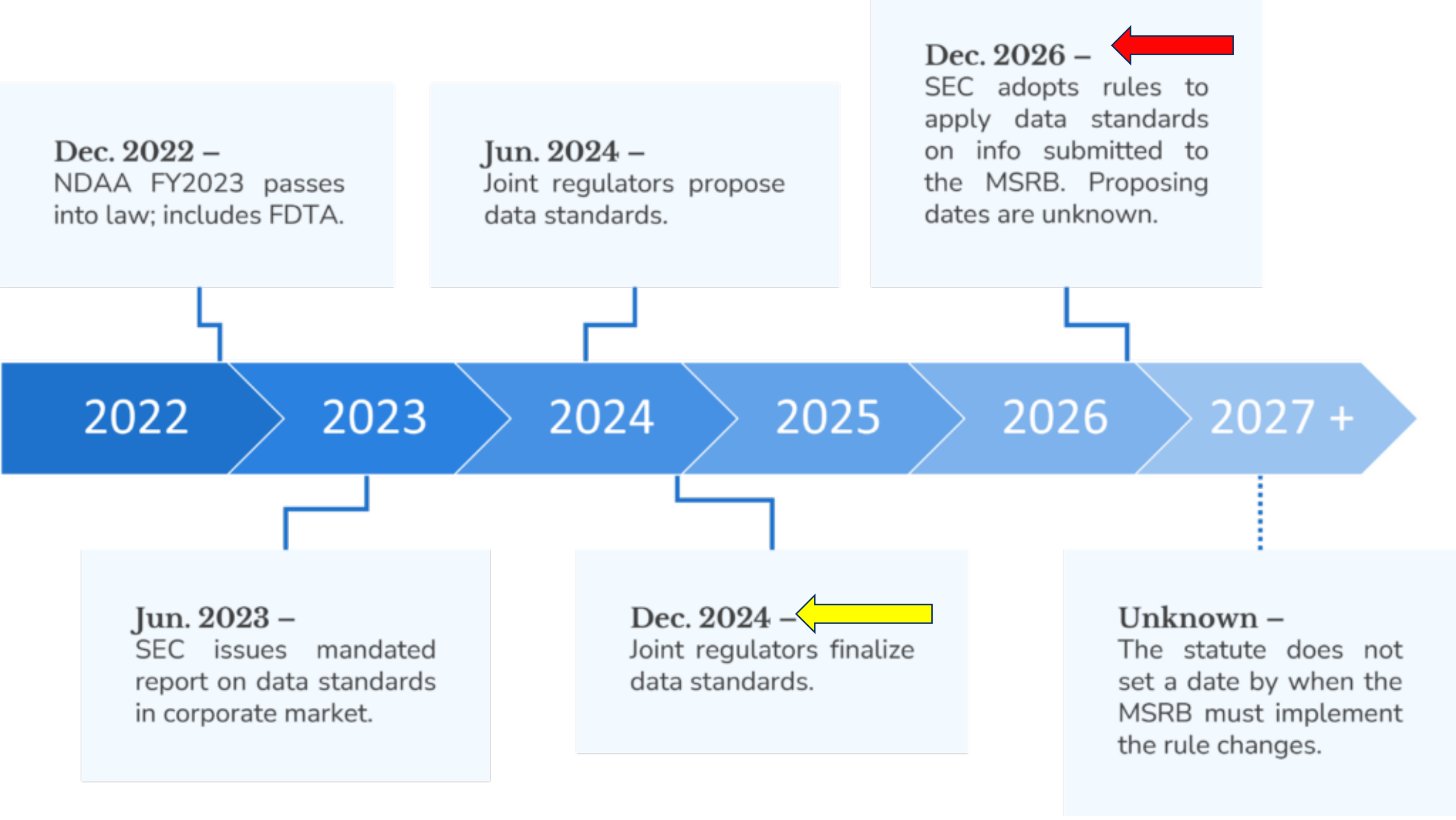
4
5 (a) IN GENERAL.—Section 15B(b) of the Securities
6 Exchange Act of 1934 (15 U.S.C. 78o–4(b)) is amended
7 by adding at the end the following:

8 “(8)(A) If the Board establishes information systems
9 under paragraph (3), the Board shall adopt data stand-
10 ards for information submitted through those systems.

11 “(B) Any data standards adopted under subpara-
12 graph (A) shall incorporate, and ensure compatibility with
13 (to the extent feasible), all applicable data standards es-
14 tablished in the rules promulgated under section 124 of
15 the Financial Stability Act of 2010, including, to the ex-
16 tent practicable, by having the characteristics described in
17 clauses (i) through (vi) of subsection (c)(1)(B) of such sec-
18 tion 124.”.

19 (b) RULEMAKING.—

20 (1) IN GENERAL.—Not later than 2 years after
21 the date on which final rules are promulgated under
22 section 124(b) of the Financial Stability Act of
23 2010, as added by section 101(a) of this Act, the
24 Municipal Securities Rulemaking Board shall issue
25 rules to adopt the standards required under para-



Dec. 2022 –
NDAA FY2023 passes into law; includes FDTA.

Jun. 2024 –
Joint regulators propose data standards.

Dec. 2026 –
SEC adopts rules to apply data standards on info submitted to the MSRB. Proposing dates are unknown.

2022

2023

2024

2025

2026

2027 +


Jun. 2023 –
SEC issues mandated report on data standards in corporate market.

Dec. 2024 –
Joint regulators finalize data standards.

Unknown –
The statute does not set a date by when the MSRB must implement the rule changes.



What Happens in Each Stage

- STAGE 1: Joint Regulators Adopt Data Standards 

- Who are the Joint Regulators
 - SEC, FDIC, OCC, etc.
- Decision on “Legal Entity Identifier (LEI)”
 - Mandatory? Or not Mandatory?
- Should everyone adopt the same standard?
Or can we adopt separate standards?
 - PDF, XML, XBRL, etc.

- STAGE 2: Two Year Clock Starts After Stage 1 

- Determination of WHO must comply
 - Where is the bright line for compliance?
 - Sector-by-sector implementation?
- Determination of WHEN they have to comply
 - Will there be a phased-in approach?
 - Will there be a penalty for noncompliance?
- Determination of HOW they have to comply
 - What are the Data Standards
 - Assets, Net Assets, Income, etc.

Investments and Arbitrage



Investments and Arbitrage

Why is the IRS Interested?

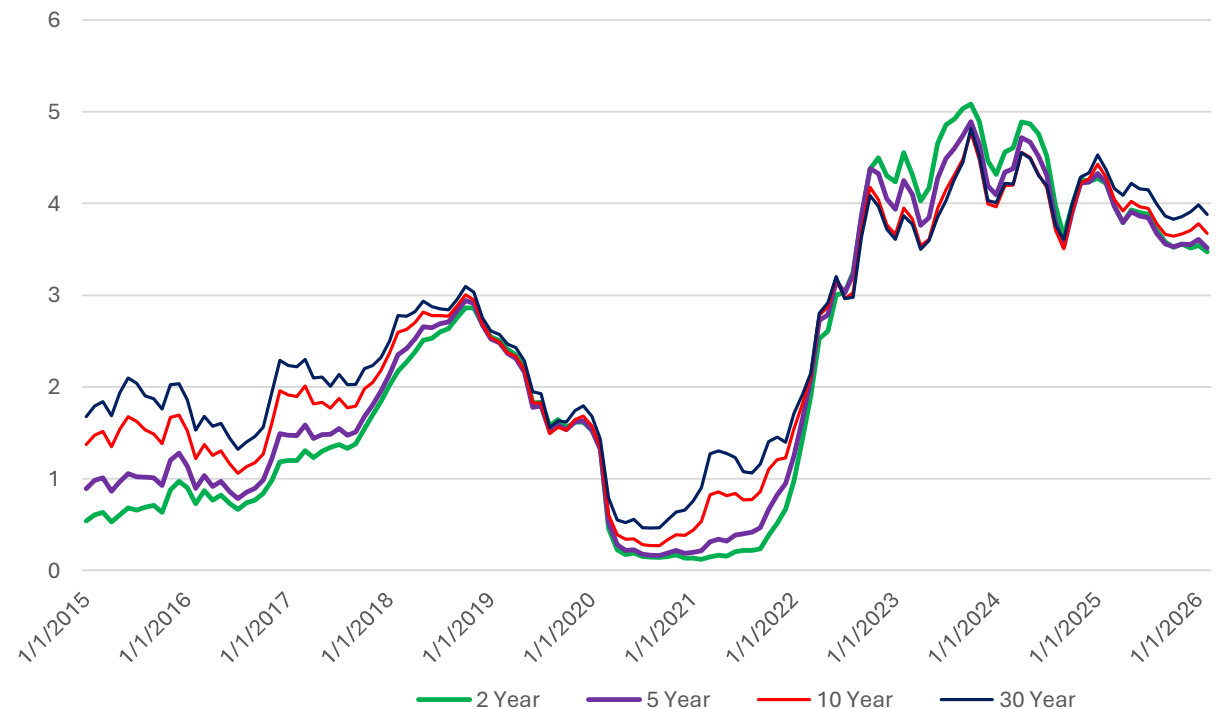
- Tax-exemption of bond interest seen as federal subsidy
- Rules put in place to limit the amount of subsidy being used
 - How long you can hold proceeds
 - How long can you keep bonds outstanding

Investments and Arbitrage

U.S. Treasury Curve (2015 – 2026)

U.S. Treasury Curve over the last decade synopsis

- 2016 – 2018
 - Long period of very flat yield curve
- 2020 – 2021
 - Pandemic – Entire curve below 1.5%
- 2021
 - Long term yields begin to rise
- 2025 – 2026
 - Curve moving back to "normal" territory – upward sloping
- Today, this week, this month...



Source: Bloomberg



Investments and Arbitrage

Permitted Investments Language

- Fluctuating yield curve can create challenges and opportunities
- Why is reviewing Permitted Investments Language important
- Where to find Permitted Investments Language for Tax Exempt Bond Proceeds
 - Bond documents
 - State statutes
 - Internal investment policy
 - Bond Insurer requirements
 - Rating Agency requirements

Poll Question #2

Statement: My organization currently has a bond issue with positive arbitrage or has recently made a rebate payment –

A1: True

A2: False

A3: We haven't been monitoring...

Project Fund Investment Strategies and Arbitrage

- Project Fund Investment Strategies
 - Goal: to lock in and retain positive arbitrage if expecting to meet a spending exception
 - Options: GIC / Portfolio / Pooled / MMKT Funds
 - If not going to meet spending exception but low arb yield, consider Demand Deposit SLGS
- Arbitrage Implications
 - Many borrowers/issuers attempting to meet spending exceptions
 - Many borrowers/issuers with unspent proceeds at end of 3 Year temporary period
 - Can owe a yield reduction payment even if no rebate payment is due
 - Seeing large yield reduction payments in 2025 and 2026

Reserve Fund Investment Strategies and Arbitrage

- Reserve Fund Investment Strategies
 - Goal: at least earn your arb yield, safety and liquidity
 - Options:
 - GIC to first call date / final maturity (collateralize?)
 - Open market security or securities
 - 6 months / 1 year
- Arbitrage Implications
 - Subject to rebate whether bond proceeds or equity/revenue funded
 - Amounts in excess of "Reasonably Required" Reserve Fund are yield restricted

BEST PRACTICE

Make sure you are periodically reviewing your reserve to confirm still at a reasonably required level or release excess such that less than minor portion.

Current Refunding Escrow Investment Strategies & Arbitrage

- Current Refunding Escrow Investment Strategies
 - Goal: maximize yield and earnings, lowest cost, sufficiency
 - Options: Open market security or securities / State and Local Government Securities – Time Deposit
- Arbitrage Implications
 - Creating positive arbitrage when yield curve inverted
 - Normally exempt from rebate under 6 month exception, but watch for costs of issuance failure to spend
 - Not subject to yield restriction since has 90 day temporary period (maximum length of current refunding escrow)

Tips – Monitoring Arbitrage Rebate

- Make timely payments – schedule/calendar filing requirements
- Keep track of IRS payments and future refund claim opportunities
 - Statute of Limitations: 2-yr from Final Computation Date
- Focus on fundamentals. Monitor debt service funds and reserves for overfunding / replacement proceeds – keep them exempt from rebate and / or yield restriction
- Negative arbitrage at issuance but be mindful of yield restriction starting at the 3-yr anniversary or after other temporary periods
- Record retention – necessary evil allows for efficient and swift audit response
- In an IRS audit – question #1 is rebate and rebate payments!

Tips – Investment Strategies

- Review permitted investments before issuing bonds
 - Language is for the life of the bonds
- If unable to invest at issuance, invest soon thereafter
 - Good practice to invest in same market as issuance
- Capture yield to the extent it's available
- Monitor investment yields versus arbitrage yield
 - If necessary, set aside funds to pay (potential) arbitrage rebate

Spaceports



Spaceports

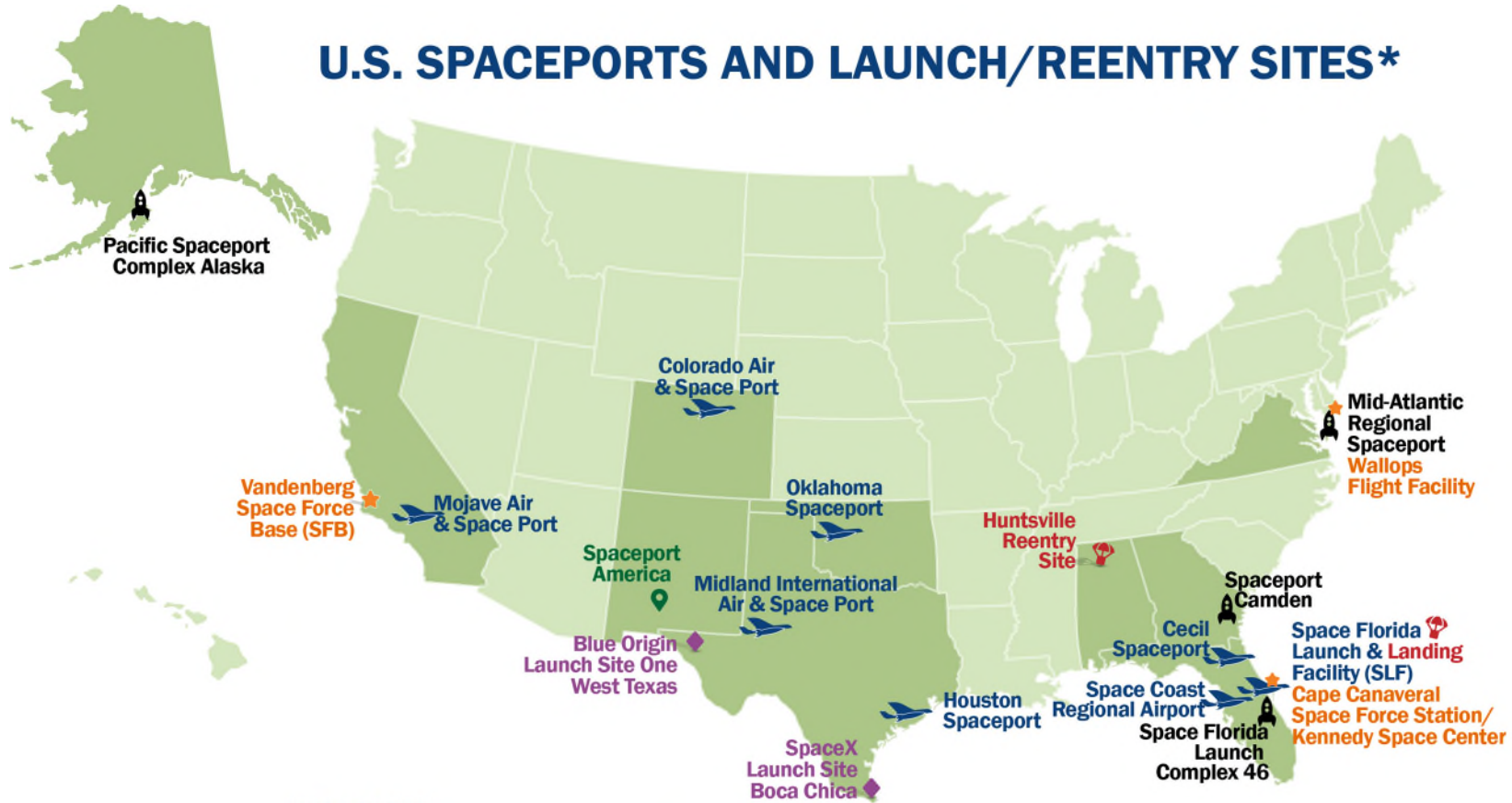
What is a Spaceport Bond?

- A new type of “private activity bond” – available to private sector entities, corporations, space entrepreneurs, joint ventures, etc., issued to finance “spaceports”
- Spaceports are facilities (including buildings, structures, and equipment) located at or near launch or reentry sites, and may be used for:
 - Flight control operations
 - Launch and reentry services
 - Transferring crew, participants, or cargo to/from spacecraft
 - Manufacturing, assembling, or repairing spaceport components, spacecraft, or space cargo

Spaceports



U.S. SPACEPORTS AND LAUNCH/REENTRY SITES*



MAP LEGEND

- States with Current Spaceports
 - ✈ FAA-Licensed Horizontal Launch Site
 - 🚀 FAA-Licensed Vertical Launch Site
 - 📍 FAA-Licensed Horizontal and Vertical Launch Site
 - 🚀 FAA-Licensed Reentry Site
 - ★ U.S. Federal Site
 - ◆ Exclusive Use Site
- * Locations licensed by the FAA or currently hosting FAA-licensed activity.

Source: FAA/AST March 2025

Spaceport Bonds

- Follow the same framework as tax-exempt bonds issued for airport terminal facilities
 - Must be issued by a State, County, City or public authority etc.
 - The financed property must be owned by a State/local governmental unit
 - Private entity may lease the property for a period up to 80% of expected economic life
 - Lessee cannot claim depreciation or investment tax credits
 - Lessee may have an option to purchase property at fair market value
 - Lease payments of private entity (\$) pay the debt service on the bonds
 - Federal government involvement as user of spaceport facilities or as underlying landowner of launch site is permitted

Other Tax Considerations or Rules

- At least 95% of the bond proceeds must be used for Spaceport expenditures
- No volume cap requirement (i.e., no federal limitation on amount of issuance)
- Can only finance capital expenditures (i.e., no working capital)
- Interest on bonds subject to federal AMT
- Can only finance "cost of issuance" up to 2% of bond issue amount
- Like other private activity bonds, subject to public hearing/local governmental approval
- Limits on office space – office space must be related to on-site activities
- Term of bonds (i.e., weighted average life) cannot exceed 120% of expected life of financed assets

Poll Question #3

Statement: If I could travel to space tomorrow, I would go –

A1: Absolutely! Sign me up.

A2: Maybe...but after a few more test flights.

A3: No thanks, I'll stay on Earth.



QUESTIONS?

Additional Educational Resources

BLX **COMPLIANCE**

A periodic video series on compliance topics relevant to public finance and tax-exempt bonds

[THE BLX INSTITUTE](#)

Curated educational content supporting post-issuance compliance in the municipal and non-profit sectors

[Orrick Green Book Series](#)

Guides to the Municipal Markets

Contact Info



Alan Bond, BLX
abond@blxgroup.com



Ed Oswald, Orrick
eoswald@orrick.com



Emily Brock, GFOA
ebrock@gfoa.org



Kevin Roche, Orrick
kroche@orrick.com



Amy Kron, BLX
akron@blxgroup.com



Sandee Stallings, BLX
sstallings@blxgroup.com

