

DPC DATA COVID-19 disclosure tool debuts while filings temporarily fall

By Lynne Funk

July 23, 2020, 2:36 p.m. EDT



DPC DATA debuted a functionality within its MuniPOINTS product designed to identify and highlight all municipal disclosure documents related to the potential impact of the COVID-19 pandemic, while filings have slowed.

The company will implement a feature to flag all relevant COVID-19 documents and allow users to find and screen for such disclosures at the individual CUSIP level.



"We can identify and tag only those disclosures which are truly COVID-based," said Ken Hoffman, president of DPC DATA.

While the Municipal Securities Rulemaking Board "has been helpful in posting aggregated COVID-19 disclosure data on its EMMA site, ours is the first and only tool available that allows market participants to flag COVID-19 related disclosures at the individual bond level," said Ken Hoffman, president of DPC DATA.

As of this week, there have been 12,873 COVID-19-related disclosures filed to the MSRB. However, for the month of July the number of disclosures has [slowed](#). However, several sources noted that as the virus continues its spread, issuers will inevitably begin disclosing more.

The COVID-19 Disclosure Flag comes in response to demand from DPC's clients for a tool to track the pandemic's potential impact on the fiscal and/or financial condition of municipal issuers, according to the firm.

"Although MSRB filings may mention 'COVID' in their headlines, we found many instances where the material event had nothing to do with the pandemic," Hoffman said. "The COVID-19 Disclosure Flag builds on DPC's proprietary and proven workflows which allow us to drill further into the data. As a result, we can identify and tag only those disclosures which are truly COVID-based."

Meanwhile, the number of coronavirus-related disclosures, despite a slight increase over the week ended July 19, is still well below levels seen since March when the pandemic began to impact state and local government issuers and the investors they sell to.

In an MSRB [report released weekly](#), COVID-19-related disclosures for the week ending July 19, reached just over 700 filings. Less than a month prior issuers filed 1,200 weekly disclosures.

For the week ending July 5, COVID-19 related disclosures were slightly above 200. The MSRB declined to comment.

Several analysts [blamed the drop](#) on the new fiscal year that states and cities are embarking on, the summer vacation months, and the fact that issuers filed their disclosures already, since the March sell-off began, to get ahead of their duties on that front.

"We have to anticipate that issuers will be listening closely to their lawyers, monitoring the ever-changing dynamics of their coffers due to this health crisis. So, yes, providers like DPC and Lumesis and the MSRB's offerings will help in their efforts and provide investors with a clearer vision of what's to come," a Philadelphia-based strategist said.

However, as of last month, according to data from Lumesis, only about 2.5% of municipalities had filed COVID-19 related disclosures.

Sources have said the disclosure rules are problematic since they are voluntary. With such a slim portion of the 50,000 issuers making disclosures about the pandemic, investors may have to rely on their own credit analysis as well as these new services.

DPC Data said its enhancements to the company's MuniPOINTS product enable users to identify and screen for COVID-19-related disclosures at the individual CUSIP level with accuracy and confidence.

"The feature relies on the company's proprietary workflows to winnow out irrelevant disclosures and flag only those which are truly COVID-based," the firm said.

The COVID-19 flag feature is part of DPC DATA's continuing strategy to roll out product enhancements based on client feedback, as well as market conditions, to stay in tune with client needs.

With the MuniPOINTS COVID-19 Disclosure Flag, financial advisors, broker-dealers, and other users will be able, at the point of sale, to communicate efficiently and with increased confidence to their clients about pandemic-related filings, according to Hoffman.

In addition, the Flag enables municipal bond investors to use MuniPOINTS and MuniGUARD News to track the pandemic's impact on their own portfolio holdings.

"At the end of the day, this market needs everything it can get its hands on to understand what the pandemic is doing to state and local governments' credit, so I welcome as many tools in the toolbox," a New York trader said.

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