

IRS News Release

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IRS and SEC Agree to Work More Closely Regarding Municipal Bond Enforcement

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WASHINGTON — The Internal Revenue Service and the Securities and Exchange Commission announced that the two agencies agreed to work more closely to monitor and regulate the municipal bond market and industry.

IRS Commissioner Doug Shulman and SEC Chairman Mary Schapiro today signed a Memorandum of Understanding designed to improve compliance with IRS and SEC rules and regulations related to municipal securities. The muni bond market currently totals about \$2.8 trillion in outstanding securities and continues to grow in complexity and size.

“This memorandum reflects the commitment both agencies have in using all means possible to ensure the municipal bond market operates in accordance with all the laws that govern it,” Shulman said.

“Through cooperative relationships like this, we are better positioned to protect investors and ensure they are getting the information they need when investing in municipal securities,” Schapiro said.

The IRS and SEC will work cooperatively to identify issues and trends related to tax-exempt bonds in the municipal securities industry and to develop strategies to enhance performance of their respective regulatory responsibilities. To support this effort, the two agencies will work through a standing Tax Exempt Bond/Municipal Securities Committee to discuss policy, procedures and compliance issues.

The IRS and SEC will also share information as appropriate regarding market risks, practices and events related to municipal securities, among other things. In addition, the two agencies will collaborate on educational and other types of outreach efforts.