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March 27, 2015

Ms. Pamela Dyson
Director/Chief Information Officer
c/o Remi Pavlik-Simon
Securities and Exchange Commission
100 F Street, NE.
Washington, DC 20549

Desk Officer for the Securities and Exchange Commission
Office of Information and Regulatory Affairs
Office of Management and Budget
Room 10102
New Executive Office Building
Washington, DC 20503

Re: File No. 270-330, OMB Control No. 3235-0372: Proposed Collection; Comment Request Related to Rule 15c2-12

Dear Ms. Dyson:

The Securities Industry and Financial Markets Association ("SIFMA")[1] appreciates the opportunity to comment on the revised request for comment issued by the Securities and Exchange Commission ("SEC") on the existing collection of information provided for in Rule 15c2-12 – Municipal Securities Disclosure (the "Rule"),[2] under the Securities Exchange Act of 1934.[3] We continue to be seriously concerned about the gross inaccuracies in the Current Notice[4] and the Original Notice[5] of the SEC's time

[1] SIFMA brings together the shared interests of hundreds of securities firms, banks and asset managers. SIFMA's mission is to support a strong financial industry, investor opportunity, capital formation, job creation and economic growth, while building trust and confidence in the financial markets. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association. For more information, visit www.sifma.org.

[2] 17 CFR 240.15c2-12.

[3] 15 U.S.C. 78a *et seq.*

[4] 80 Fed. Reg. 36 (Feb. 24, 2015).

[5] 79 Fed. Reg. 68730 (Nov. 18, 2014).

estimates for compliance with the Rule and the failure of the SEC to estimate the Rule's primary disclosure compliance burdens, as separate and distinct from its secondary market compliance burdens.

SIFMA has reviewed the Commission's Supporting Statement for the Paperwork Reduction Act Information Collection Submission for Rule 15c2-12[6] (the "Supporting Statement"). We reference and reiterate the points made in our letter[7] responding to the Original Notice, and highlight the points below.

I. Accuracy of the SEC's Estimates of the Burden

SIFMA members feel the SEC's revised estimates continue to materially and significantly underestimate the burden of the Rule. In the Original Notice, the Commission previously estimated that 250 broker-dealers potentially could serve as Participating Underwriters in an offering of municipal securities and that they would collectively incur an estimated average burden of 300 hours per year to comply with the collection of information requirements of Rule 15c2-12. In its Supporting Statement related to the Current Notice, the SEC has revised its estimate of the time required of broker-dealers to estimate that 250 broker-dealers potentially could serve as Participating Underwriters in an offering of municipal securities and that they would collectively incur an estimated average burden of 22,500 hours per year to comply with the Rule. This estimate includes an estimate of (1) 2,500 hours per year for 250 broker-dealers (10 hours per year per broker-dealer) to reasonably determine that the issuer or obligated person has undertaken, in a written agreement or contract, for the benefit of holders of such municipal securities, to provide annual filings, event notices and failure to file notices to the Municipal Securities Rulemaking Board ("MSRB"), and (2) 20,000 hours per year (80 hours per year per broker-dealer) for broker-dealers serving as a Participating Underwriters to determine whether issuers or obligated persons have failed to comply, in all material respects, with any previous undertakings in a written contract or agreement specified in paragraph (b)(5)(i) of the Rule. These estimates continue to seriously and materially underestimate the time burden of the Rule on broker dealers.

SIFMA stands by its time estimates of the burden of the Rule as set forth in its Prior Letter. As a further example, for a brokerage firm to conduct its review to bid to underwrite a competitive offering, SIFMA estimates firms spend on average 6 man-hours on each offering they bid. First, the deemed-final preliminary official statement, or offering document, must be reviewed for completeness against publicly available financials and industry news. The offering document also needs to be reviewed to make

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[6] *See*: http://www.reginfo.gov/public/do/PRAViewDocument?ref_nbr=201409-3235-042.

[7] Letter from Leslie M. Norwood, Managing Director and Associate General Counsel, Securities Industry and Financial Markets Association ("SIFMA"), January 17, 2015, which can be found here: http://www.sifma.org/issues/item.aspx?id=8589952630 (the "Prior Letter")

sure that the security for the bonds is adequately and correctly described and that there is no outstanding litigation that would tend to impair the bonds' validity or the ability of the issuer or obligor to make the interest and principal payments. (Since the Rule requires that underwriters receive and review an official statement with minimum content requirements, in addition to confirming the existence of a complying continuing disclosure undertaking, the time required to confirm that an official statement satisfies these requirements (and, in doing so, does not misstate material facts or mislead investors) is time required to comply with a "collection of information" requirement of the Rule, so *must* be estimated by the Commission.) The form of the continuing disclosure undertaking is reviewed to make sure that the issuer's version actually complies as to form with the requirements of the Rule. Finally, it is reviewed to see if the "prior compliance" statement (or lack thereof) can be confirmed with the disclosure record that can be examined in the MSRB's Electronic Municipal Market Access ("EMMA") website. If there are any discrepancies or areas of concern raised by these reviews, additional time must be devoted to a discussion with the issuer's financial advisor or bond counsel before the bid. It is evident that the Commission continues to only account for time spent on transactions underwritten, not the time spent on all transactions bid, despite the fact that this diligence needs to be completed by all dealers competitively bidding to underwrite a transaction, not just by the one dealer that wins the bid. As described further in our Prior Letter, in a negotiated underwriting, the time burdens are naturally multiples of the time burden for each competitive deal bid.

In the Current Notice, we are disappointed that the Commission did not take into account our analysis of the Rule's requirement that an official statement be delivered, and did not include an estimate of the time required to prepare and check official statements for the required content. Prior to the effective date of Rule 15c2-12, these documentation requirements were not required in exempt offerings, so these requirements should be included as document deliveries required by the rule, the time for which should be estimated.

We also continue to dispute the SEC's summary dismissal of our challenge to the estimate of time related to material event notices. As described in our Prior Letter, some material events which require disclosures are not within the knowledge of issuers (e.g., credit enhancer rating changes). To comply with their CDAs, issuers must establish mechanisms for departments to monitor for and report relevant events. In the case of events not readily known to issuers, the Rule effectively forces issuers to investigate frequently whether any such event has occurred, since they must be reported within 10 business days after they occur. Issuers may spend large amounts of time to look for these events periodically, even in years in which none occur and, as a result, they make no event filing. Consequently, compliance times for these events should be measured per securities issue outstanding, not per filed notice. If an event is discovered or otherwise known, an issuer must determine whether it is material (in some cases) and describe the event accurately and fairly. Again, the original estimate and revised estimate of time

burden related to material event filings is based on actual event filings, and fails to take into account the time spent to determine whether relevant events (e.g., bond insurer rating changes) have occurred, which is required even when no notice is filed. To further illustrate this point, if 50,000 issuers must spend 15 minutes a week checking two rating agencies for changes, the time burden will necessarily be much higher than two hours for each rating change notice actually filed. (While the SEC's revised estimate is within the range estimated by the Government Finance Officers Association per filing made, no GFOA estimate was provided for the time required to determine whether events have occurred for which a filing must be made.) In view of the foregoing, the SEC's revised estimate of issuer time required to comply with the event filing requirements of the Rule—2 hours per reported event—continues to be serious underestimation.

II. Ways to Minimize the Burden of Collection and Analysis

SIFMA reiterates its position that automated collection techniques or other forms of information technology can be used to reduce the burden on filers and increase the certainty that filings are made. As described in our Prior Letter, EMMA currently collects and disseminates rating changes from the majority of rating agencies. Since the Original Notice, the MSRB has announced that its EMMA website will include public finance ratings from Moody's Investors Service later this year.[8] The inclusion of Moody's ratings into EMMA means that EMMA will now display ratings from all the principal rating agencies. These ratings feeds are sent directly to EMMA, and displayed on the website for use by all investors and market participants for free. Therefore, we see no reason why issuers would continue to need to be contractually bound to provide material event notices of ratings changes, and the broker dealer community would be required to conduct due diligence to ensure the issuers were compliant with that part of their undertakings. Once the Moody's ratings feed is operational, we believe SEC staff should conclude publicly that the rating agency feeds satisfy issuer filing obligations or, at a minimum, that any issuer failure to file a duplicative notice is not material, so need not be diligence by underwriters.

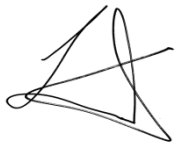
III. Conclusion

Again, SIFMA sincerely appreciates this opportunity to comment to the SEC on the existing collection of information provided for in the Rule. SIFMA notes, however, that the SEC's failure to estimate the time required to comply with all of the "collection of information" requirements of the Rule, even after notice of the failure, suggests a disregard of legal requirements and undermines its credibility in urging issuers and other market participants to improve disclosure practices. We are concerned that the SEC is sending mixed messages to the industry, in that at the same time the SEC is working

[8] *See*, http://www.msrb.org/News-and-Events/Press-Releases/2015/MSRBs-EMMA-Website-to-Provide-Access-to-Moodys-Public-Finance-Ratings.aspx.

through the Municipalities Continuing Disclosure Cooperation Initiative signaling to the industry that more needs to be done in the way of reviewing issuers' prior compliance with CDAs pursuant to the Rule, the SEC is materially underestimating in its Supporting Statement the hours required to perform such activities. SIFMA members and staff would welcome the opportunity to meet with the SEC to discuss these comments or any developments related to our municipal disclosure working group further. Please do not hesitate to contact me with any questions by phone at (212) 313-1130, or by email at lnorwood@sifma.org.

Sincerely yours,



Leslie M. Norwood
Managing Director and
Associate General Counsel

cc: ***SEC***
Jessica Kane, Deputy Director, Office of Municipal Securities
Rebecca Olsen, Chief Counsel, Office of Municipal Securities
MSRB
Lynnette Kelly, Executive Director
Robert Fippinger, Chief Legal Officer