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Municipal Securities Rulemaking Board
Suite 400
1150 18th Street, NW
Washington, DC 20036-3816

Re: Proposed Amendments to MSRB Rule G-36

Dear Mr. Lanza:

The Bond Market Association¹ (the "Association") welcomes this opportunity to comment on the Municipal Securities Rulemaking Board's proposed amendments to Rule G-36 concerning the electronic submission of official statements, advance refunding documents and Forms G-36(OS) and G-36(ARD) to the MSRB.² The proposed amendments would establish an optional system of electronic submissions by underwriters of official statements, advance refunding documents and Forms G-36(OS) and G-36(ARD) to the MSRB's Municipal Securities Information Library[®] ("MSIL[®]") through a secured, password-protected Internet Web site.

The Association wholeheartedly supports the Board's goal of providing for an optional system of electronic submissions of official statements, advance refunding documents and Forms G-36(OS) and G-36(ARD) to the MSRB pursuant to MSRB Rule G-36. Clearly, the option to submit documents electronically to the MSIL[®] provides for greater flexibility for the underwriting community, more timely delivery of documents pursuant to Rule G-36 and quicker redelivery of documents to subscribers to the MSIL[®]. The proposed amendments to Rule G-36 also generally promote the shared goals of municipal market participants for increased and more timely disclosure - one in which the MSRB Board and staff have consistently taken a leadership role. That the MSRB has proposed alternatives for underwriters to comply with Rule G-36 by allowing either paper or electronic submissions enhances the options available to underwriters and acknowledges that electronic submissions may not be appropriate or desirable in every circumstance. We have several suggestions, however, which we believe would significantly enhance the proposed system.

The proposed amendments would require that documents be submitted in portable document format ("PDF"). As you know, the Association's Task Force on Electronic Information Delivery was formed in early 1996 with a goal of making a recommendation for a single computer format or group of formats, in which issuers of municipal securities thereafter would be encouraged to make required filings of disclosure documents electronically rather than in paper form. After extensive study, research and the like, the Task Force produced a Preliminary Report³ and a Final Report⁴ discussing its results

and recommendations. As the Reports indicate, it is clear that there is no industry consensus on which format to use. The MSRB admitted as much in its 1998 Release ⁵ stating that "electronic submission is complicated by the requirement that Forms G-36(OS) and G-36(ARD) be accompanied by an official statement or advance refunding document, as appropriate. Given the current debate and lack of consensus among the various sectors of the municipal securities industry regarding electronic formatting of disclosure materials, and since the Board does not have the authority to dictate the format of issuer documents, the Board believes that any further action regarding electronic submissions under rule G-36 should await resolution of these issues." ⁶ There has been even more debate and disagreement over the desirability of some formats over others since 1998, including the development of Extensible Markup Language ("XML"). Therefore, for the MSRB to mandate a particular format at this time seems ill advised and premature. We refer you to each of the Preliminary and Final Reports for an in-depth examination of the advantages and disadvantages of each computer format.

Specifically, there are two main drawbacks of PDF. First, the principal program used to prepare PDF files is Adobe Acrobat, a proprietary product, subject to change or discontinuation without any public input. Secondly, the files can only be read and printed out, but the data cannot be easily manipulated, searched or otherwise used for analysis and the like. For example, data presented in PDF format cannot currently be extracted, reformatted, calculated and analyzed using XML-enabled tools. We believe it inappropriate for a regulatory body to endorse or mandate use of a proprietary product such as Adobe Acrobat PDF, especially when non-proprietary formats exist in the public domain. While we recognize that free "reader" software is frequently made available, we believe that it may be unwise to build a database or library wholly dependent on a format or software controlled by a private entity.

To truly encourage electronic filings, the MSRB should consider accepting filings to the MSIL[®] in whichever format the sender chooses to use for submission. Many market participants have invested significant time and resources in a particular format making any change disruptive and potentially expensive for those parties. For example, the MSRB's proposal would require municipal underwriters to reformat an issuer's document into PDF prior to submission to the MSIL[®] as required by Rule G-36. This creates an expensive and unnecessary regulatory burden on underwriters, especially given that they have no control over the format in which the issuer originally prepared its document. Obviously, such a burden would not encourage the use of electronic filings. It is important to note that currently all nationally recognized municipal securities information repositories ("NRMSIRs") are equipped to accept electronic filings in any format. In fact, ability to accept filings in any format is a condition to being named a NRMSIR by the Securities and Exchange Commission.

On another point, the Association agrees with the comment made by the Investment Company Institute that electronic submission of an amending document should be allowed in all cases - and perhaps encouraged - even if the original document was filed in paper form. Expedient submission and therefore redelivery to subscribers would minimize erroneous reliance on outdated, inaccurate or incomplete documents.

The Association appreciates this opportunity to provide its views to the Board in connection with the proposed amendments to MSRB Rule G-36. If it would be helpful to the Board and its staff, we would be happy to make Association staff and member firm personnel available to meet and discuss any of the points raised in this letter. Please address any questions or requests for additional information to Paul Saltzman, Executive Vice President and General Counsel or me at 212.440.9400.

Respectfully submitted,

Lynnette Kelly Hotchkiss
Vice President and
Associate General Counsel

cc: The Honorable Arthur Levitt, Chairman, *Securities and Exchange Commission*
The Honorable Isaac C. Hunt, Jr., Commissioner, *Securities and Exchange Commission*
The Honorable Paul R. Carey, Commissioner, *Securities and Exchange Commission*
The Honorable Laura S. Unger, Commissioner, *Securities and Exchange Commission*
David Becker, General Counsel, Office of the General Counsel, *Securities and Exchange Commission*
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Thomas A. Hutton, Chief Information Officer, *Municipal Securities Rulemaking Board*
Executive Committee, Municipal Securities Division of *The Bond Market Association*
Legal Advisory Committee, Municipal Securities Division of *The Bond Market Association*

Footnotes

1. The Association represents securities firms and banks that underwrite, distribute and trade debt securities, both domestically and internationally. The Association's member firms collectively represent in excess of ninety-five percent of the initial distribution and secondary market trading of municipal bonds, corporate bonds, mortgage and other asset backed securities, and other fixed income securities.
2. Electronic Submission of Official Statements, Advance Refunding Documents and Forms G-36 (OS) and G-36 (ARD) to the MSRB (September 19, 2000).

3. The Preliminary Report, dated February 1998, is available on the Association's web site at www.bondmarkets.com.
4. The Final Report, dated September 2000, is available on the Association's web site at www.bondmarkets.com.
5. Notice regarding Electronic Delivery and Receipt of Information by Brokers, Dealers and Municipal Securities Dealers, November 20, 1998 ("1998 Release").
6. 1998 Release at footnote 5.