



National Association of Municipal Advisors

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February 20, 2015

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

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

Dear Ms. Dyson:

The National Association of Municipal Advisors (“NAMA”) appreciates the opportunity to comment on the request for comment issued by the Securities and Exchange Commission (“SEC” or the “Commission”) on the existing collection of information provided for in Rule 15c2-12 – Municipal Securities Disclosure (the “Rule”), under the Securities Exchange Act of 1934.

NAMA recognizes that the disclosure obligations imposed by Rule 15c2-12 are key to the effective functioning of the municipal securities market and that recent amendments to that rule (including providing access to continuing disclosure information on EMMA) have improved the efficacy of the continuing disclosure regulatory regime. However, as outlined below in Section C, there are still ways in which the rule could be amended that would reduce the amount of time required for municipal entities and obligated persons (“issuers” or “municipal issuers”) to comply with the rule without reducing the quality of information provided to the investing public. Additionally, many NAMA member firms are actively involved in assisting municipal issuers with their continuing disclosure obligations and therefore have important first-hand experience with the actual amount of time required to comply with obligations under Rule 15c2-12. Based on this experience NAMA feels that the SEC’s estimates of burden hours for municipal issuers and the costs of using a designated dissemination agent are understated.

A. Comments on Whether the Proposed Collection of Information has Practical Utility

NAMA believes that the collection of information under Rule 15c2-12 continues to have practical utility, particularly now that the SEC has designated EMMA as the sole central repository. NAMA does not believe, as has been suggested by other commenters, that a system where municipal issuers provide continuing disclosure in a wide variety of formats on disparate municipal issuer websites is a practical alternative to the current system. Investors would certainly demand higher interest rates, *ceteris paribus*, from municipal issuers if individual investors were tasked with hunting down crucial secondary market information on municipal issuer websites as well as incurring the time cost of interpreting the meaning of such information absent the more uniform requirements of Rule 15c2-12.

NAMA also does not agree with other commenters who would transfer the entirety of the secondary market disclosure regime to issuers by changing Rule 15c2-12 into a direct regulation on issuers. The current system provides appropriate checks and balances by requiring a multitude of participants in the municipal securities market to take responsibility for appropriate continuing disclosure including ensuring that issuers are aware of their ongoing continuing disclosure responsibilities.

B. Comments on the Accuracy of the Commission's Estimates of the Burden of the Proposed Collection of Information.

Submission of Annual Filings

Commission staff has estimated that an issuer will require approximately 45 minutes to prepare and submit annual filings to the MSRB. This estimate appears to presume that all of the information an issuer is required to submit as part of its annual filing is otherwise compiled in a format that can be utilized for its annual 15c2-12 filing and that the burden involves only the transmission of information to EMMA. However, because Rule 15c2-12 requires specific information to be included as part of an annual report, it cannot be presumed that such information would be compiled and retained absent the requirements of Rule 15c2-12. A more accurate estimate of the paperwork burden hours would take into account the type of credit at issue and the type and quantity of information that needs to be provided.

In developing a reliable paperwork burden estimate for municipal issuers, the Commission should take notice of the steps required to submit an annual report. These steps include the maintenance of a database that includes, on an issue by issue basis, identification of all of the information required to be provided as part of the annual report (including some information which is only available from third parties) as well as the gathering and verification of data for each year. These steps may also include issuer discussions about quality and content of data with an issuers outside counsel and/or consultants and research to determine if any rating events have occurred that were not directly reported to the issuer. NAMA's estimates of the time required to complete an annual report are 2-4 hours for a general obligation bond, 4-6 hours for a revenue bond, 6-8 hours for a tax allocation bond and 7-10 hours for a land-secured financing.

For issuers that do not utilize a designated dissemination agent, particularly infrequent issuers, the paperwork burden should include time spent by such issuers familiarizing themselves with the EMMA submission process. Although very well constructed, the EMMA submission process does take some time to learn or relearn. The MSRB website features several video tutorials and written materials for issuers to watch and/or read in order to learn how to submit materials to EMMA but the time spent in this education process is not included in the PRA burden estimates.

Submission of Event Notices

Commission staff has estimated that an issuer will require approximately 45 minutes to prepare and submit event notices to the MSRB. Again, it is important for the SEC to be aware of the steps required to file an event notice. The steps required to file an event notice include ongoing monitoring for certain types of events (rating changes), discovery of the event and internal and external analysis and discussion, particularly if the event only needs to be disclosed if material. Again, NAMA believes that the time required to comply with an event notice filing is understated. 45 minutes may be all that is required for a notice of bond call but a rating change notice may take up to 3 hours, irrespective of time spent in ongoing monitoring, and notices of default would take at least 3 hours and often take additional time because they include not only a description of the events that led to the default but also of the municipal issuers plan to address the default.

Use of Designated Agent

Commission staff has estimated that issuers will spend an average of \$750 a year on an outside designated dissemination agent to submit some or all of their continuing disclosure documents to the MSRB. NAMA believes that a more accurate average would be a minimum of \$1000 per type of security, increasing based on the number of issues for which reports are due and any differences in reporting requirements. However, the average cost is higher and becomes incrementally higher with the filing of each required event notice.

C. Comments on Ways to Enhance the Quality, Utility, and Clarity of the Information to be Collected and Ways to Minimize the Burden of the Collection of Information on Respondents

There are at least a couple of simple ways in which the Commission could minimize the collection of information on respondents. Monitoring and reporting rating changes continues to be one of the most significant ongoing burdens of the Rule and yet three of the four rating agencies active in the municipal market voluntarily provide rating changes directly to EMMA and NAMA applauds them for doing so. The SEC should only require notice of rating changes

that involve a rating agency that does not directly report rating changes to EMMA. NAMA supports the continued application of pressure by the SEC and the MSRB to encourage participation by the holdout rating agency. In addition, the SEC should expand and clarify prior staff guidance regarding the reporting of bond insurer rating changes in order to make clear that such rating changes do not require the filing of an event notice unless it is not clear that the particular series of bonds is insured and affected by such bond insurer rating change. Alternatively, these bond insurer rating changes, to the extent not already included in direct rating agency submissions to EMMA, could be included in such direct submissions. Finally, the Commission should make clear that filing of audited financial statements is not required in all circumstances. The audited financial statements of an issuer should only be required when they are material to the security and source of payment for the municipal securities at issue. This would speed up continuing disclosure compliance times for those municipal securities issues where the audited financial statements are not material to the offering as well as improve the information available to the investing public by not including information irrelevant to an investment decision.

D. Conclusion

NAMA sincerely appreciates this opportunity to comment to the SEC on the existing collection of information provided for in the Rule. NAMA and its members would be happy to meet with relevant staff at the Commission to discuss the comments provided in this letter. Please do not hesitate to contact me if you would like to discuss these comments further.

Sincerely,



Terri Heaton, CIPMA
President, National Association of Municipal Advisors

cc:

Jessica Kane, Deputy Director, Office of Municipal Securities
Rebecca Olsen, Chief Counsel, Office of Municipal Securities
Lynnette Kelly, Executive Director, Municipal Securities Rulemaking Board