

January 16, 2015

VIA ELECTRONIC MAIL

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

*RE: Comments re Rule 15c2-12 (SEC File No. 270-330, OMB Control No. 3235-0372)*

Dear Ms. Dyson:

On behalf of the Bond Dealers of America (“BDA”), I am pleased to submit this letter in response to the notice (the “Notice”) by the United States Securities and Exchange Commission (“SEC”) pursuant to the Paperwork Reduction Act of 1995 (“PWA”) soliciting comments on the existing collection of information provided for in Rule 15c2-12 under the Securities Exchange Act of 1934. While the SEC’s request for comment is pursuant to the PWA, the BDA is providing a larger set of comments regarding areas we believe that the SEC should consider amending or providing interpretative guidance concerning Rule 15c2-12. BDA is the only DC-based group representing the interests of middle-market securities dealers and banks focused on the U.S. fixed income markets. Accordingly, we believe that we uniquely offer insight into how Rule 15c2-12 creates confusion and unnecessary burdens within middle-market issuers and dealers.

***Proposed Amendments.*** The BDA proposes that the SEC consider the following amendments to Rule 15c2-12:

- *Change timing requirement of listed events.*

Currently, Rule 15c2-12 requires obligated persons to file a listed event notice “not in excess of ten business days after the occurrence of the event.” With several of the listed events, the obligated person may not learn of the event for several days or even weeks following the event and there is no practical way by which the obligated person can change that. As a consequence, the requirement has forced instances of non-compliance by obligated persons when there was nothing they could do to comply. Accordingly, we believe that Rule 15c2-12 should require the listed event notice to be filed 10 days following receipt by an appropriate officer of the obligated person of

information of the occurrence of the listed event or some other actual knowledge of the obligated person of the occurrence of the event.

- *Change the requirement for audited financial statements to require them to be filed only when they are included in the final official statement.*

Currently, Rule 15c2-12 requires audited financial statements to be one of the annual requirements to be included in a continuing disclosure undertaking regardless of whether they are included in the final official statement. Under certain specific circumstances, the audited financial statements are not relevant to an investment decision in municipal securities and, if anything, are more misleading than helpful. In one specific example, a city could form a special district in which the municipal securities are payable only from taxes payable within that district. Yet, the audited financial statements for the city usually cover a vast set of finances and operations having nothing to do with the security and source of payment for the municipal securities of the special district. Thus, the BDA believes that the SEC should amend Rule 15c2-12 to only require audited financial statements to be one of the annual requirements to be included in a continuing disclosure undertaking only if they were included in the final official statements for the municipal securities.

- *Delete the requirement for listed event notices for rating changes.*

Under Rule 15c2-12, obligated persons are required to file a listed event notice if the ratings for the municipal securities change. The rating agencies frequently do not notify obligated persons of changes in the ratings to the municipal securities, particularly when those changes occur as a result of rating changes of credit or liquidity enhancers (such as bond insurance companies or letter of credit banks). In addition, the MSRB displays some of the ratings (except for Moody's ratings) for municipal securities on its EMMA system, which allows investors to know the ratings for municipal securities by accessing EMMA. Accordingly, the requirement for obligated persons to post listed event notices for rating changes is often times not one they can possibly perform and is no longer necessary to investors.

- *Provide a more effective amendment process.*

Currently, Rule 15c2-12 does not include a provision allowing the information required to be updated in the continuing disclosure undertaking to be amended in the future. Often times, the financial and operating information for obligated persons change in the future such that the financial and operating information that an obligated person uses in offerings is different than the financial and operating information included in the final official statement for the municipal securities in question. However, given the structure of Rule 15c2-12, even if the obligated person starts to include different information in its offerings, there is no structure to change what they are including in their continuing disclosure reports. For example, an obligated person may eliminate one manner by which to measure its operations and replace it with another. Another example is when two obligated persons merge and the information investors need is combined financial and operating information. Rule 15c2-12 should include a mechanism for

obligated persons to change the kind of financial and operating information they file pursuant to their continuing disclosure undertakings if the information is no longer material to investors or that information is replaceable with better information. Otherwise, it either forces a structural non-compliance by the obligated person or forces the obligated person to disseminate information that may be misleading to investors and potentially costly to the obligated person.

***Improvement of EMMA.*** One of the observations of our members is that Rule 15c2-12 is only as good to the investment community as the effectiveness of EMMA, and we believe that improvements to EMMA are needed. Currently, the primary search method of municipal securities is through CUSIP numbers. Even though the MSRB has started to create issuer pages, EMMA needs to be improved so that credits within an issuer, comparable credits, and other relationships between credits are easier to identify and search. These technological limits reduce the utility of EMMA in the municipal securities market and make compliance by obligated persons more challenging. EMMA should assign a specific number to each obligated person that would allow the obligated person to file their reports using that one number, which would also allow investors to access all of that obligated person's filings using just that one number or any filings for their bonds using a CUSIP number. If an obligated person (such as a large city) has bonds supported by different credits (e.g., a water enterprise fund), each credit should have a separate number.

***Confusion caused by Rule 15c2-12.*** While not directed to a potential change to Rule 15c2-12, we believe that it is important for us to identify a confusion in the municipal securities market. While Rule 15c2-12 has been an effort of the SEC to indirectly regulate issuers and other obligated persons through dealers, this has led to a confusion by issuers of their responsibilities under the Federal securities laws. In the experience of our members, several issuers have come to understand "disclosure issues" as "underwriter issuers." Many issuers do not understand that, as the SEC has previously noted, issuers are primarily liable for their own disclosure. We believe that this is an outgrowth of a system that seeks to regulate issuers through broker-dealers. We believe that regulating issuers through broker-dealers has reached its limits, and have incurred unnecessary burdens and costs on broker-dealers while confusing issuers concerning their responsibilities under the Federal securities laws.

Thank you for the opportunity to submit these comments on the Notice.

Sincerely,



Michael Nicholas  
Chief Executive Officer