From: richard@limail.org
To: PRA
Subject: Comments on Rule 15c2-12
Date: Monday, December 01, 2014 11:26:43 AM

Richard Li
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December 1, 2014

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

Re: Comments on Rule 15c2-12

Dear Ms. Dyson:

On November 18, 2014, the SEC published in the Federal Register SEC File No. 270-330, OMB Control No. 3235-0372, requesting comments on the collection of information provided for in Rule 15c2-12 under the Exchange Act of 1934.

Whether the proposed collection of information is necessary for the proper performance of the functions of the Commission, including whether the information shall have practical utility.

One of the Material Event notices is Bond Calls. For Term Bonds, there are scheduled Mandatory Redemption that are disclosed in the Official Statement for the financing. For those bond calls, there is no practical utility for the filing of the notice. The information is already known.

The accuracy of the Commission's estimates of the burden of the proposed collection of information

For the filing of annual information prepared for other purposes (such as an Annual Comprehensive Financial Report), the estimate of 45 minutes to acquire already prepared information, perform the filing, and maintain records of the filing (to prove compliance), is reasonable. The filing process alone can take 15 minutes on EMMA.

However, there are additional costs to perform the filing, such as making the filing “word searchable” per the EMMA requirements. That can take hours on top of the time to prepare a non-word searchable CAFR.

For information that is prepared specifically for filing purposes (other Annual Financial Information), it can take hours to compile and prepare the information.

The SEC has also estimated 45 minutes to prepare Material Event notices. The minimum time to file Material Event Notices is 2 hours. Time is required to: Ongoing execution of regular procedures to identify Material Events, Consult with counsel, draft and review the notice, and then to file. The expense of Counsel time is in addition to the Issuer Time.

Ways to enhance the quality, utility, and clarity of the information to be collected

The Rule does not explicitly provide for the ability to modify an existing Continuing Disclosure Agreement. Many Bond Counsels are of the opinion that the CDA cannot be modified after issuance. As such, an issuer could have CDA's with varying requirements. It would be helpful if the Rule explicitly permitted modifying CDA's (including older CDA's) as long as the modified CDA complies with the current requirements for CDA's. This would allow the Issuer to provide a consistent set of disclosure information, which would then enhance the clarity and quality of the disclosure (one disclosure for all bonds of that type, and not different disclosures for different series).

A modification could be deemed acceptable if:
<!--[if !supportLists]-->1) <!--[endif]-->Bond Counsel opinion that the modified CDA meets the current requirements of the Rule; or
<!--[if !supportLists]-->2) <!--[endif]-->Market acceptance of the modified CDA could be demonstrated by a public offering by the Issuer of a new issue with a CDA that has the same provisions as the modified CDA.

Ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology.

One of the listed Material Events is Rating Changes. The Rating Agencies (NRSRO) and the Credit Enhancers are not required to report rating changes to the Issuer. This is especially a problem for credit enhanced financings (insured bonds). Since NRSRO's are subject to direct SEC regulation, the Rule should be modified to require that all Rating Changes be reported by the NRSRO, and not by the Issuer. It would be relatively easy for the few NRSRO's and EMMA to create automated procedures to report rating changes.

Very truly yours,
Richard Li