



**Government Finance Officers Association**  
660 North Capitol Street, Suite 410  
Washington, D.C. 20001  
202.393.8467 fax: 202.393.0780

June 12, 2018

Brent Fields, Secretary  
U. S. Securities and Exchange Commission  
100 F Street, NE  
Washington DC 20549-0609

**Re: File Number 265-28**

**Recommendations of Market Structure Subcommittee of IAC, Select Enhancements to Protect Retail Investors in Municipal and Corporate Bonds**

Dear Mr. Fields,

As a member organization representing over 19,000 municipal securities issuers across the United States, the Government Finance Officers Association (“GFOA”) read with great interest the Recommendations from the Market Structure Subcommittee to the SEC Investor Advisory Committee on June 5, 2018 “Enhancements to Protect Retail Investors in Municipal and Corporate Bonds.” We understand these recommendations will be discussed at the next meeting of the SEC Investor Advocate on June 14, 2018 in Atlanta, GA. On behalf of our members, the GFOA is very interested in rulemaking that is done in this sector. We appreciate the Commission’s consideration of our comments below.

The GFOA has a long history of encouraging transparency in the municipal marketplace and urging our members to disclose material events to investors<sup>1</sup>. Accordingly, the GFOA supports efforts to ensure that material information related to municipal securities credits are available to investors. Many of the Recommendations of the Market Structure Subcommittee to the Investor Advisory Committee reflect our mutual interests in quality, timely and meaningful disclosure and we appreciate any opportunity there may be for GFOA to further discuss with the Advisory Committee and the SEC the Recommendations as they develop.

The Recommendations first encourage the SEC to move forward toward passage of its proposed amendments to Rule 15c2-12 after taking into consideration stakeholder comments. The Recommendations note of the proposed amendments, “the triggers for current disclosure are not sufficiently clear and that this will lead to undue burden on market participants and over-disclosure.” We agree that the SEC should be aware of the considerable problems associated with adopting multiple changes to Rule 15c2-12 as proposed. The proposed changes would be burdensome to issuers, add

---

<sup>1</sup> See GFOA Best Practices [Understanding Your Continuing Disclosure Responsibilities, Primary Market Disclosure, Post-Issuance Policies and Procedures, Using Technology for Disclosure, Maintaining an Investor Relations Program, Using the Comprehensive Annual Financial Report for Meet SEC Requirements for Periodic Disclosure, and others at www.gfoa.org/best-practices](http://www.gfoa.org/best-practices)

complication for investors and the general public, and ultimately increase costs to taxpayers and investors. The required determination of “materiality” coupled with the vast definition proposed for “financial obligation,” uncertainty about the defined scope of “leases”, “guarantees” and “derivative instruments” and lack of definition with regard to “financial difficulties” would create significant administrative and costly burdens to state and local governments. We have requested clarification and are grateful to see the Recommendations echo our concerns<sup>2</sup>.

Second, the Recommendations urge an update to the 1994 interpretive guidance with respect to Rule 15c2-12. The GFOA provided numerous comments at the time the 1994 guidance was drafted and adopted and would like to again work with the SEC to focus on areas where clarity may be needed and helpful to issuers. Understanding today’s market and the changes that all market participants, including issuers, have gone through over the several decades, provide cause for a dialogue between the SEC and our members, as the SEC looks to update the interpretive guidance.

Finally, the Recommendations request an enhancement to EMMA. The GFOA has supported the MSRB’s efforts to develop and improve the functionality of EMMA. This has allowed issuers to use a streamlined approach to submitting disclosure materials (rather than the previous process of submitting physical documents to numerous NRMSIRs). It also has provided a way for investors and underwriters to access a more straight-forward presentation of financial information. The Recommendations suggest a “flag” notifying that an issuer is out of compliance with its continuing disclosure requirements as stated in the issuance’s continuing disclosure agreement. We recognize that financial information is crucial to the decision making of most investors, and we believe that if the SEC were to move forward with this recommendation, it would also need to conduct considerable dialogue with issuers and other market participants to determine the parameters in which such a system should be implemented and monitored.

As the SEC reviews the Recommendations to the Investor Advisory Committee and looks at ways to effectively improve disclosure practices in the municipal bond market, GFOA is happy to bring to the table market experts and frequent and infrequent issuers alike to discuss these issues with you.

Sincerely,

A handwritten signature in black ink that reads "Emily S. Brock". The signature is written in a cursive, flowing style.

Emily S. Brock

Director, Federal Liaison Center

Cc: Rick A. Fleming, Investor Advocate

Rebecca Olsen, Acting Director, Office of Municipal Securities

---

<sup>2</sup> See GFOA letter submitted in response to File Number S7-01-17 in response to SEC Proposal to Amend Rule 15c2-12. <https://www.sec.gov/comments/s7-01-17/s70117-1752921-151890.pdf>