

STATE OF COLORADO  
DEPARTMENT OF THE TREASURY

**Walker R. Stapleton**  
State Treasurer



**Ryan Parsell**  
Deputy Treasurer

May 15, 2017

Re: File No. S7-01-17; SEC Rule 15c2-12, Release No. 34-80130

To Whom It May Concern:

The Office of the Colorado Treasurer ("Treasurer's Office") would also like to express deep concern over the proposed amendments to SEC Rule 15c2-12 ("the Rule"). The Treasurer's Office's main concerns are the proposed regulations are over-reaching, unclear, cost-prohibitive, and impossible to comply with in the given time.

Colorado, like other states, facilitates financial transactions to meet cash-flow needs of both the general state budget ("GTRAN") and some school district budgets ("ETTRAN"). The Colorado State Constitution stipulates these transactions be lease backed Certificates of Participation (COPs). These transactions are large and require cooperation from entities that are unaccustomed to borrowing and reporting. It is already difficult to coordinate the proper reporting of these transactions. In addition to the GTRAN and ETRAN, there are a number of state agencies and institutions of higher education that participate in the COPs. Furthermore, the amendment to the Rule continues to leave "material" undefined. The combination of the factors outlined creates conditions where all parties involved would be routinely—but inadvertently—out of compliance.

The point above doesn't take into consideration the unreasonably tight timeframe of ten (10) business days of an occurrence outlined in the Rule. If the proposed definition of the term "financial obligations" remains unchanged, the Treasurer's Office has grave concerns regarding the incurrence of "financial obligations," the tight timeframe previously discussed, and the broad inclusion of "debt obligation," "lease," "guarantee," "derivative instrument" and "monetary obligation resulting from a judicial, administrative, or arbitration proceeding. This leads the Treasurer's Office to question whether there is a path forward to achieve 100% compliance.

The lack of clarity on many key terms does not serve the government, investors, or transparency advocates.

The Rule also would be financially burdensome on the Treasurer's Office. The Rule would require additional Full-Time Employees (FTEs) to attempt compliance. Filling such FTE positions could prove tricky since the Rule may seek enforcement against *individuals* tracking and reporting compliance. Additionally, existing Policies and Procedures would need to undergo major revisions. The latter task would be even more difficult considering key elements remain

undefined. It is highly likely these factors would result in a large increase in staff and associated legal fees.

While the Treasurer's Office appreciates the spirit in which the Rule has been proposed, we do not feel this is good policy for Colorado citizens. The Rule would put additional strain on Colorado's budget, key terms are left undefined, and it creates conditions where the parties involved will likely routinely be out of compliance.

Sincerely,

Walker R. Stapleton  
Treasurer

Ryan Parsell  
Deputy Treasurer