

DEPARTMENT of FINANCE

JACKIE BISKUPSKI
MAYOR

MARINA SCOTT
CITY TREASURER

May 09, 2017

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

RE: Proposed Amendments to Exchange Act Rule 15c2-12 (File No. S7-01-17)

Dear Mr. Fields:

Salt Lake City, Utah ("*Salt Lake City*") appreciates the opportunity to comment on the Securities and Exchange Commission's ("*Commission*") proposed amendments to Rule 15c2-12 under the Securities Exchange Act of 1934 ("*Proposed Amendments*") as described in Securities Act Release No. 34-80130, File No. S7-01-17, adopted March 1, 2017, and published in the Federal Register on March 15, 2017 (the "*Proposing Release*").

Salt Lake City generally believes that the Proposed Amendments are overbroad and too vague to address the problems identified by the Commission in the Proposing Release without unduly burdening the city. For example, a "debt obligation" is said to include any "contract that will be repaid over time." Salt Lake City enters into probably hundreds of contracts each year, many of which involve payment to a consultant or vendor over time, but have never been treated as traditional debt obligations. This new requirement will create a major burden on Salt Lake City, which would have to divert Finance Department personnel from their regular work for the public to instead (1) keep track of all contracts entered into by the city, (2) analyze whether those contracts are material to investors, and (3) determine whether those contain an "agreement to covenants, events of default, remedies, priority rights, or other similar terms that are material." Materiality is very hard to define in such situations. It may just be easier to send to EMMA copies of the many contracts and leases of Salt Lake City, rather than to figure out which contracts are material or to try to summarize the material provisions. One major challenge is that Salt Lake City owns a major airport that enters into many leases. If other municipal issuers likewise decide to file all or most of their leases and contracts on EMMA, investors may not be able to see the forest through the trees.

Salt Lake City also is concerned about the lack of a definition of "reflect financial difficulties." This is especially troubling if, as we have heard, disclosure could be required with respect to all existing city contracts, not just contracts entered into after the effective date of the Proposed Amendments.

The Proposed Amendments and the Proposing Release do not account for the limited and specific sources of payment applicable to a large proportion of municipal securities. Unlike in the corporate securities market, where the majority of obligations are general obligations of a corporate issuer, many of Salt Lake City's securities are payable from specific revenue streams,

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such as water or sewer revenue bonds, or airport bonds. With respect to Salt Lake City, many issuances of municipal securities are payable exclusively from such revenues of a specific system, and general obligation bonds are often payable from tax levies and general fund revenues. Because the Proposed Amendments do not limit the “security holders” to whom the financial obligation may be material, it is unclear whether financial obligations of Salt Lake City (such as a lease of police cars or a construction contract) that are wholly irrelevant to revenue bonds would nevertheless require an event notice under the Proposed Amendments.

While it may seem obvious that the above-described financial obligations would not be material to holders of securities payable exclusively from other sources of revenue, with many municipal underwriters subject to a cease-and-desist order under the Commission’s MCDC initiative, Salt Lake City does not believe that underwriters are likely to make that sensible determination when reviewing issuers’ description of past continuing disclosure compliance, as required by Rule 15c2-12, absent guidance from the SEC.

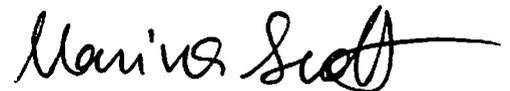
Accordingly, Salt Lake City requests that the Commission clarify that the phrase “security holders” in the Proposed Amendments means beneficial owners of the municipal securities offered with respect to which a certain continuing disclosure undertaking is made. Salt Lake City further requests that the Commission acknowledge that a financial obligation payable exclusively from one stream of revenues would not be material to security holders of municipal securities payable exclusively from a different stream of revenues.

While Salt Lake City acknowledges the importance of disclosure to municipal securities investors, it believes that the Proposed Amendments are too broad and vague and will unduly burden the city. As a result, Salt Lake City is concerned that increased time and costs necessary to comply with the Proposed Amendments may jeopardize its ability to effectively carry out its governmental missions in a cost-effective manner. Even marginal impacts on its Salt Lake City’s ability to carry out its purposes will have an adverse impact on its citizens. Therefore, Salt Lake City respectfully asks the Commission seriously consider the requests for guidance included in this letter as well as the many other comments the Commission is likely to receive regarding the detrimental impact of the Proposed Amendments on municipal issuers. We hope that the Commission finds a more reasonable and sensible way to address the problem perceived by the Commission.

If you have any questions regarding Salt Lake City’s comments, please feel free to contact me.

Sincerely,

Marina Scott

A handwritten signature in black ink, appearing to read "Marina Scott", with a long horizontal flourish extending to the right.

Salt Lake City Treasurer