REGIONAL
BOND DEALERS
ASSOCIATION

500 New Jersey Ave., NW
Sixth Floor
Washington, DC 20001
202-509-9515

September 8, 2009

Ms. Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F St., NE
Washington, DC 20549

Comments in regard to Release No. 34-60332 (File No. S7-15-09)

Dear Ms. Murphy,

The Regional Bond Dealers Association ("RBDA") is pleased to submit comments on SEC Release No. 34-60332, "Proposed Amendments to Municipal Securities Disclosure" (File No. S7-15-09) (the "Release"). The RBDA is the organization of regional securities firms active in the U.S. bond markets.

The release would make several amendments to rules governing continuing disclosure in the municipal bond market. Specifically, the rule changes proposed in the release would:

- Repeal the exemption in Rule 15c2-12 of the Securities Exchange Act of 1934 ("Rule 15c2-12") from continuing disclosure requirements for variable rate demand obligations ("VRDOs");

- Establish a 10-day deadline for submission of event notices;

- Eliminate the materiality requirement for event notices concerning missed principal or interest payments, unscheduled draws on debt service reserve funds, unscheduled draws on credit enhancement facilities, substitution of liquidity or credit enhancement providers or their failure to perform, defeasances, and rating changes;

- Establish "adverse tax opinions or events affecting the tax-exempt status" of a bond as events to be disclosed by issuers if material; and

- Establish additional events to be disclosed if material, including tender offers, bankruptcy, insolvency or similar events, mergers, consolidations, liquidations or similar events, and change in trustee.

The RBDA generally supports the proposed changes to Rule 15c2-12 outlined in the Release. We especially support the repeal of the exemption from continuing disclosure requirements for VRDOs. The markets for VRDOs and auction rate securities are among the sectors of the municipal bond market most severely affected by the financial crisis. The volume of VRDOs being held by liquidity providers—"bank bonds"—spiked to an unprecedented degree in the last year as a result of the degradation of many bond insurers and the downgrades of and loss of confidence in some key bank liquidity providers. There is little justification for exempting VRDOs from continuing disclosure requirements, and including them in the 15c2-12 continuing disclosure regime will help provide investors with valuable market information.

While we support the SEC's proposal to apply the continuing disclosure requirements of Rule 15c2-12 to VRDOs, we note that the rule's primary market disclosure requirements would still not apply to VRDOs. We recognize that applying the primary market disclosure requirements of 15c2-12 to VRDOs raises some complex issues surrounding the potential need for VRDO remarketing agents to repeatedly obtain, review and distribute official statements ("OSs") on each reset date when there is a remarketing. While we support the VRDO provision in the Release, we urge the SEC to explore reasonable changes to 15c2-12 that would apply primary market disclosure rules to VRDOs as well without triggering the need to obtain, review and distribute OSs on each reset date.

Section III of the Release relates to 15c2-12 obligations of participating underwriters. The SEC has requested comments related to an underwriter's obligations in forming a reasonable determination that an issuer or obligated person will provide continuing disclosure information as required in 15c2-12 and as committed to by an issuer in its continuing disclosure agreement ("CDA"). This issue is particularly important in light of the SEC's position, reiterated in the Release, that an underwriter cannot depend solely on a CDA in forming a reasonable determination regarding an issuer's continuing disclosure commitment, but must also examine the issuer's behavior during the five years preceding a new offering with respect to its disclosure obligations in regard to outstanding bond issues. These issues have become particularly relevant in recent months with the transition away from multiple Nationally Recognized Municipal Securities Information Repositories ("NRMSRS") and toward the MSRB's EMMA system as a single repository for issuer disclosure information. In addition, the Financial Industry Regulatory Authority's Targeted Examination Request[1] and Regulatory Notice[2] of June 2009 related to the disclosure of material facts to customers suggest heightened enforcement attention to issues related to continuing disclosure.

Underwriter compliance with obligations under 15c2-12, especially with regard to determining the accuracy and completeness of issuers' disclosure practices in the context of forming a reasonable determination that an issuer or obligated person will provide continuing disclosure information, can be labor intensive and costly. The emergence of the EMMA system will streamline compliance to a degree. However, underwriters will still be obligated to examine an

[1] Financial Industry Regulatory Authority, "Targeted Examination Request Re: Retail Municipal Securities Transactions," June 2009, available at http://www.finra.org/Industry/Regulation/Guidance/TargetedExaminationLetters/P118892

[2] Financial Industry Regulatory Authority, "Regulatory Notice 09-35, FINRA Recommends Review of Municipal Securities Activities," June 2009, available at http://www.finra.org/Industry/Regulation/Notices/2009/P119053

issuer's complete record of event disclosure in comparison to events that actually occurred while bonds were outstanding. This process can become especially difficult when determining, for example, whether an event an issuer did not disclose because it was not deemed material should have been disclosed, especially if the underwriter has no knowledge of the details of the event. Moreover, because underwriters are expected to examine issuer disclosure behavior over a five year period preceding a new offering, underwriters will need to continue to depend on the old network of NRMSRS in addition to EMMA for the next five years in examining issuer disclosure activity. In short, complying with underwriter obligations with respect to the continuing disclosure provisions of 15c2-12 is burdensome and costly.

We urge the SEC to consider alternatives to the current practice of depending on underwriters to review issuers' compliance with continuing disclosure commitments. One alternative worth exploring, we believe, would be to allow underwriters to rely on an issuer's representation that they are in compliance with previous disclosure commitments as a basis for forming a reasonable determination that an issuer or obligated person will provide continuing disclosure information going forward.

We appreciate the opportunity to comment on the Release. Please do not hesitate to contact us if you have any questions.

Sincerely,

/s/

Michael Decker
Co-Chief Executive Officer

/s/

Mike Nicholas
Co-Chief Executive Officer