



Government Finance Officers Association
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December 18, 2019

Ms. Vanessa Countryman, Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: File No. 34-87583
Proposed Rule Change to Amend the Information Facility of EMMA

Dear Ms. Countryman:

The Government Finance Officers Associations (“GFOA”) appreciates the opportunity to comment on the proposed rule change to amend the information facility of EMMA. The GFOA represents over 21,000 members across the United States, many of whom prepare and file their jurisdiction’s data in compliance with continuing disclosure agreements as well as other financial information into EMMA. Our members regularly engage the MSRB with specific suggestions on how to enhance EMMA in order to better facilitate issuer filings and use of the system. Additionally, the GFOA has long maintained a suite of best practices to help issuers meet disclosure requirements, enhance their entity’s disclosure practices, and consider the benefits of making voluntary disclosures for the benefit of investors and the public.¹

It is GFOA’s recommendation that the MSRB’s proposal be withdrawn and that a reexamination of the reasoning and methodology for such a feature and other policy considerations are addressed before the SEC acts on additional requirements for municipal bond issuers.

GFOA’s primary concern with the proposal is the methodology recommended for the “submission calculator.” GFOA understands the enumerated purpose of the proposal is to provide certain information more prominently to users of the information. Unfortunately, we anticipate that the calculation will result in an output that provides ambiguous information at best and misleading information at worst, in addition to highlighting information that is not specifically required by SEC rulemaking. Below are three areas of major concern that GFOA has with the reasoning and methodology used by the MSRB to create this new calculator.

1. Highlighting information related to when an issuer submits financial information related to that entity’s end of fiscal year could create unnecessary obfuscation for investors, especially when

¹ See [“Understanding Your Continuing Disclosure Responsibilities”](#) [“Using Technology for Disclosure”](#) and [“Maintaining an Investor Relations Program”](#) among others.

comparing different credits. An investor may believe that all credits – and entities – are similar in the information provided to EMMA. But in reality, information that may be filed relatively soon after the end of the fiscal year could be related to a component unit of a government and not a government’s comprehensive financial information, depending on the requirements in each credit’s continuing disclosure agreement (CDA). **There is no apples to apples comparison between issuers that can be represented by this calculator.** We are very concerned that some issuers could be unfairly judged by investors that information may not be “timely” when in fact it is submitted as quickly as possible – and within the timeframe noted in a CDA - pending the completion of audited financials. In addition, there is concern that the proposal has not addressed whether this information can or will be used in a punitive regulatory manner against issuers. This is especially of concern since this arbitrary information is not rooted in regulatory responsibilities placed upon issuers.

2. The information that the MSRB seeks to highlight is unrelated to an issuer’s contractual obligations of its CDA, pursuant to SEC Rule 15c2-12. This contractual obligation articulates the parameters of the financial information that they agree to provide annually and file on the EMMA system. Investors agree to the parameters of that disclosure timeframe upon purchasing the security. If an issuer is out of compliance with the CDA, then the issuer must make a material event filing which can readily be viewed by investors. **The number of days between an entity’s end of fiscal year and when it makes its annual disclosure filings may not reflect an entity’s contractual obligations. The contractual obligation is the item that that is in the scope of the SEC, not the annual filings.** Thus, a more suitable parameter to showcase to investors may be to note whether the issuer is in compliance with their CDA - information that is also readily available.
3. The calculator highlights information already included in issuer disclosures. We strongly suspect that investors already track and calculate this information themselves. As such, this could cause concern and investor confusion if the calculator provides different information than the investor’s own research.

Additionally, we are concerned that the proposal lacks technical clarity regarding the issuer’s responsibilities and abilities. For example, while we understand that the issuer is responsible for accurately inputting the required dates, we cannot be assured by the language in the proposal that an issuer will have the ability to correct mistakes within the EMMA system. With the prominence of this information, accuracy is critical. We would like to reiterate a key point in NAHEFFA’s comments: there should be a clear understanding and protocol developed for the submission and correction of information so that issuers can feel comfortable with any new requirements for which they will be responsible.

Finally, we would like to echo the comments made in the letter submitted by the Disclosure Industry Workgroup. This proposal was not put out for public comment by the MSRB, nor did the MSRB seek stakeholder input as it developed the proposal, either on policy or technical fronts. We believe that this proposal could have benefited from stakeholder consultation and user focus groups typically performed by the MSRB in search for improvements and to avoid any unintended consequences. That should be rectified by having a more thorough review by stakeholders, especially issuers, to determine the appropriateness of any new information requirements. And due to the shortcomings of the proposal, GFOA would strongly suggest that the submission calculation itself is not used for punitive purposes in the future.

We are encouraged that many other commenters share these observations and recommendations in the context of our industry's mutual goals of quality, timely and meaningful disclosure. GFOA has enjoyed the MSRB's consideration over the years as they continue to make improvements to EMMA and we believe that the utility of the system has improved as a result of that input. We want that to continue going forward.

We are happy to provide any additional information you may require. Thank you again for the opportunity to comment.

Sincerely,

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

Emily Swenson Brock
Director, Federal Liaison Center