

CHIEF COUNSEL

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November 23, 1994

Ms. Amy Meltzer Starr
Attorney
Division of Corporate Finance
Mail Stop 7-6
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington D.C. 20549

DIVISION OF MARKET REGULATION

Public Avail. Date: 05/04/95
Act Section Rule
1934 15(c)(2) 15c2-12

Re: Part 240-General Rules and
Regulations; Securities Exchange
Act of 1934: Municipal Securities
Disclosure-Change in Fiscal Years

Dear Ms. Starr:

With regards to "(b) Requirements", (5)(i)(A) requires underwriters to determine that issuers have in a written agreement or contract for the benefit of holders of such securities agreed to provide in "(D) In a timely manner to provide required annual financial information, on or before the date specified in the written agreement or contract."

The written agreement would, of course, be applicable for the term of the bonds. As the above requirement refers to "the date specified"; how does an issuer protect itself if it wants to change its fiscal year and such change in the end of the fiscal year makes it impossible to comply in the future with the applicable date?

My concern is that in the future some underwriters and/or investors will not bid on and/or hold for investment municipal securities of issuers that have not met all requirements of their written agreements regardless of the fact there could be extenuating or reasonable circumstances for not meeting the requirements such as a change in the fiscal year. Anything that serves to reduce the number of bidders or the strength of those bids for those issuers could result in an unnecessary increase in costs to taxpayers.

Issuers would have the necessary flexibility, and my concern would be eliminated, if instead of the requirement as it now reads to "specify the date . . ." it were to read "specify a period of time after the end of the fiscal year . . ." This is not just an academic question as three of my municipal clients are preparing to change their fiscal years.

A response would be appreciated.

Yours truly,


President
R.V. Norene & Associates, Inc.

RVN/jmp

copy: Mr. William Stafford, Executive Director, Illinois Government Finance Officers Association
Mr. Jeffery L. Esser, Executive Director, Government Finance Officers Association of
the United States and Canada

MUNICIPAL/PUBLIC FINANCE CONSULTANTS

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DIVISION OF
MARKET REGULATION

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

000022

May 4, 1995

Mr. R.V. Norene
R.V. Norene & Associates, Inc.
Lake & Waukegan Office Center, Suite 215
1701 Lake Avenue
Glenview, IL 60025

Dear Mr. Norene:

Thank you for your letter of November 23, 1994 in which you request clarification regarding certain provisions of the recent amendments to Rule 15c2-12. Rule 15c2-12(b)(5)(ii)(C) requires that Participating Underwriters determine that issuers have specified the date on which annual financial information for the preceding year will be provided. Further, Rule 15c2-12(b)(5)(i)(D) requires that Participating Underwriters determine that issuers have agreed to provide notice of a failure to provide annual financial information on or before the date specified in the written contract or agreement. Specifically, you are concerned that an issuer would have difficulty changing its fiscal year and subsequently complying with its undertakings if it has specified a date on or before which it will provide annual financial information. You request clarification as to whether agreeing to provide annual financial information within a specific time period after the end of the fiscal year, rather than specifying a date, would be acceptable.

The requirement in Rule 15c2-12(b)(5)(ii)(C) that the written agreement or contract specify the date on which the annual financial information for the preceding fiscal year will be provided would be satisfied if such written agreement or contract stated that the annual financial information would be provided within a specified number of days after the fiscal year-end of the person covered by the agreement. Of course, if the fiscal year-end of the person covered by the agreement were changed after the execution of the agreement, notification of such fact should be made to the nationally recognized municipal securities information repositories or the Municipal Securities Rulemaking Board, and the applicable state information depository, if any.

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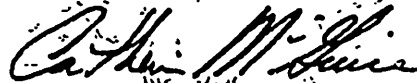
Mr. R. V. Norene

May 4, 1995

Page 2

I hope that the above discussion provides some clarification. Should you have further questions regarding the amendments to Rule 15c2-12, please feel free to contact Janet Russell-Hunter of my office at (202) 942-0073, or Amy Meltzer Starr of the Division of Corporation Finance at (202) 942-1875.

Sincerely,



Catherine McGuire
Chief Counsel