



REGIONAL
BOND DEALERS
ASSOCIATION

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August 12, 2009

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

Comments in regard to Release No. 34-60314, File No. SR-MSRB-2009-09

Dear Ms. Murphy,

The Regional Bond Dealers Association (“RBDA”) is pleased to submit comments on the SEC Release No. 34-60314 (File No. SR-MSRB-2009-09), “Notice of Filing of Proposed Rule Change Relating to Rule G-32, on Disclosures in Connection With Primary Offerings, Form G-32, and the Primary Market Disclosure and Primary Market Subscription Services of the MSRB’s Electronic Municipal Market Access System (EMMA)” (the “Release”). The RBDA is the organization representing regional securities dealers active in the U.S. fixed-income markets.

We appreciate the opportunity to provide comments on the MSRB’s proposed amendments to Rule G-32 and Form G-32 to require underwriters to provide to EMMA information about whether an issuer or other obligated person has undertaken to provide continuing disclosures, the identity of any obligated person other than the issuer, and the timing by which such issuers or obligated persons have agreed to provide annual financial and operating data. The RBDA supports the goal of the proposal, to provide information to municipal bond investors and other market participants related to an issuer’s or borrower’s continuing disclosure commitments through EMMA in a manner that links the information to other data and documents related to the bond issue. However, we believe that requiring underwriters to extract information from issuers’ continuing disclosure agreements and submit that information separately to EMMA as proposed by the MSRB could result in erroneous information on the EMMA system and would place undue compliance burdens and risks on underwriters. We believe the MSRB could achieve nearly the same goal through a rule amendment that would require underwriters to simply submit to EMMA the continuing disclosure agreement itself, which would be linked on EMMA to other documents and information related to particular issues. We urge that the proposal be amended to require submission of continuing disclosure agreements rather than the information specified in the Release.

Background

The SEC’s Exchange Act Rule 15c2-12 requires that underwriters, before purchasing or selling new municipal securities, have “reasonably determined that an issuer of municipal securities, or

an obligated person for whom financial or operating data is presented in the final official statement has undertaken, either individually or in combination with other issuers of such municipal securities or obligated persons, in a written agreement or contract for the benefit of holders of such securities, to provide” to the MSRB annual financial information, audited annual financial statements, material event notices, and notices of failures to provide annual financial information. Rule 15c2-12 also requires that the written agreement or contract noted in the rule, known as a Continuing Disclosure Agreement (“CDA”), include certain information about the identity of the person obligated to provide continuing disclosure, the date on which annual financial information will be transmitted to the MSRB, and certain other information. Generally, the CDA is published by the bond issuer as part of the Official Statement (“OS”) for the issue, often as an appendix to the OS.

Proposed amendments to Rule G-32

The MSRB’s proposed an amendment to Rule G-32 would require underwriters to submit to the EMMA system as part of their new-issue information filing on MSRB Form G-32 certain information related to an issuer’s or obligated person’s continuing disclosure commitments. These data would include, for example, whether the issuer or obligated person has agreed to provide continuing information disclosure information as described in SEC Rule 15c2-12, the name and contact information of the person who would be providing that disclosure, and the dates each year that the annual disclosures are expected to be made. The information specified in the proposed amendments to Rule G-32 are generally contained in an issuer’s CDA.

While we support the spirit of the MSRB’s proposal, we do not agree with the its approach. Specifically, we believe that requiring underwriters to extract the specified data from CDAs and convey those data on Form G-32 is unnecessary since that information is generally contained in the issuer’s CDA. We believe a better approach is to require that underwriters submit an electronic copy of the CDA to the EMMA system to be viewed by investors and other market participants. The CDA should be linked to the record of disclosure information associated with a particular bond issue in the same manner as the OS is currently available on the system.

Requiring underwriters to extract and submit information from the issuer’s CDA creates the possibility that information could be erroneously transcribed from the CDA. Even though the Release states that underwriters “would be responsible for ensuring that the information provided by it is accurate,” with many thousands of new municipal bond issues sold each year, good-faith transcription errors can and will occur. In those cases investors would find incorrect information on the EMMA portal. The proposal also creates an undue burden for underwriters and creates compliance risk.

Some might argue that current Rule G-32 already requires that underwriters submit certain data to EMMA on Form G-32 and that the MSRB’s proposal contained in the Release would be a minor and incremental expansion of underwriters’ current obligations. However, information currently required to be reported on Form G-32 differs qualitatively from the information proposed to be reported in the Release. Information currently required to be reported on Form G-32 includes the issuer name and issue description, CUSIP number, principal amount, initial offering price and the expected closing date, among other items. These basic data are necessary

to create the database record of the issue on the EMMA system. The data items that underwriters would be required to report under the proposal included in the Release are not necessary for creating the record in EMMA. Because the data fields that would be required to be reported under the proposal in the Release are generally already available in the CDA and are not necessary to create the data record on the EMMA system, a better approach to achieving the goal of making information contained in CDAs more available to investors would be to require underwriters to submit the CDAs themselves to the EMMA system.

Thank you for the opportunity to present our views. 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