



January 7, 2025

Submitted via www.regulations.gov

(SEC File No. 270–330, OMB Control No. 3235–0372)

Vanessa A. Countryman

Secretary

Securities and Exchange Commission (SEC)

100 F Street, NE

Washington, DC 20549-1090

RE: Response to the Proposed Collection of Information Extension: Municipal Disclosure per Exchange Act Rule 15c2-12 (SEC File No. 270–330, OMB Control No. 3235–0372)

On behalf of the more than 2,300 public finance law professionals we represent, the National Association of Bond Lawyers (“NABL”) respectfully submits the following comments in response to the review and request of the Securities and Exchange Commission (the “SEC”) for extension, per the Paperwork Reduction Act (the “PRA”) of 1995, on the existing collection of information provided for in Rule 15c2-12 Municipal Securities Disclosure (17 CFR 240.15c2-12) under the Securities Exchange Act of 1934, as amended (the “Rule”). The review makes a number of estimations on time burdens imposed by the Rule on various municipal market participants. While we are not best positioned to comment on the validity of these estimations, we do wish to take this opportunity to highlight a particular area in which the Rule’s required collection of information creates a redundant and unnecessary burden on market participants—the required filing of a notice in the event of a ratings change (17 CFR 240.15c2-12(b)(5)(i)(C)(11)).

The Rule requires that, prior to the sale or purchase of a municipal security offering, participating underwriters must reasonably determine that the issuer or obligated person has undertaken, in a written agreement or contract, to provide certain information on a continuing basis to the Electronic Municipal Market Access (“EMMA”) system of the Municipal Securities Rulemaking Board (the “MSRB”). The contractually obligated information to be provided to EMMA includes notices of the occurrence of certain events (the “event notices”) listed in the Rule; the eleventh such event requires notice of the occurrence of any ratings change relating to the applicable issue of municipal securities.

The MSRB has made a number of technological enhancements to EMMA since its introduction, including enhancements that permit certain rating agencies to provide information directly to

EMMA. Specifically, in 2011, EMMA began automatically importing information relating to an issuer or obligated person's credit rating from select ratings agencies. By 2015, EMMA was regularly receiving and displaying ratings information from the four largest ratings agencies in the municipal market.¹ These data feeds provide information to investors relating to the occurrence of ratings changes far faster than the information provided by event notices, which issuers and obligated persons are required to submit within ten business days of the occurrence of the event. Frequently, these feeds provide near instantaneous information and render the rating change event notices redundant and unnecessary.

The PRA review estimates that simple event notices take covered persons 4 hours to complete, and analysis of the MSRB's 2023 Factbook indicates that in 2022 and 2023 covered persons filed 5,624 and 3,663 rating change event notices, respectively.² Based on these data, the SEC itself estimates that issuers and obligated persons in 2023 spent 14,652 hours (which equals more than seven years of work time) filing rating change event notices; and in 2022, issuers and obligated persons spent 22,496 hours, or as much as eleven years of work time, filing rating change event notices. This is an inordinate amount of time spent providing information that, as previously mentioned, is already readily available in EMMA through an automated process. In addition to time burdens, the inclusion of event notices for ratings changes in the Rule creates an unnecessary risk for various covered market participants in the event an issuer or obligated person fails to file a ratings change event notice within ten business days. While a failure to file in the requisite time period is rarely an event of default of the subject bonds, it often does lead to additional time spent notifying interested persons of the failure and disclosing it in future offerings of municipal securities.

In light of these burdens and the continued redundancy of filing event notices for rating changes, we believe the SEC should amend the Rule to remove this required event notice. We recognize that this request may be outside of the scope of a PRA review, but found the review's time burden estimates to only further underscore the need for federal agencies, including the SEC and by proxy the MSRB, to "minimize the paperwork burden for... State, local and tribal governments, and other persons resulting from the collection of information by or for the Federal Government."³ At a minimum, we urge the SEC to reexamine the efficacy and necessity of requiring rating changes event notices during its next substantive review of the Rule.

¹ The four largest ratings agencies in the municipal market, by market share, are Moody's Ratings, S&P Global Ratings Inc.; Fitch Ratings Inc.; and Kroll Bond Rating Agency (KBRA).

² *Municipal Securities Rulemaking Board (MSRB) 2023 Fact Book*. "Rating Change Submissions, 2022-2023." Page 71. Web source: <https://www.msrb.org/sites/default/files/2024-02/MSRB-2023-Fact-Book.pdf>

³ Section 3501 of the Paperwork Reduction Act (PRA).

We appreciate your time and attention on this matter. If you have any questions or concerns pertaining to our comments or our thoughts on the Rule, please do not hesitate to reach out to our Director of Government Relations, Brian Egan. He can be reached via email at began@nabl.org or via phone at (202) 503-3290.

Sincerely,

A handwritten signature in black ink that reads "M. Jason Akers". The signature is written in a cursive, flowing style.

M. Jason Akers

President

National Association of Bond Lawyers ("NABL")