

# **Bond Case Briefs**

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## **SEC Still Greatly Underestimating Burden of Complying with Rule 15c2-12, SIFMA Says.**

The SEC's revised estimates of the compliance burden imposed by its main disclosure rule still contain "gross inaccuracies," according to a March 27 letter the Securities Industry and Financial Markets Association sent to the SEC.

The letter was a response to updated SEC estimates about the amount of time required for market participants to comply with Rule 15c2-12. The rule requires dealers to review issuers' official statements before underwriting municipal bonds, and to reasonably determine that the issuer has contracted to disclose annual financial and operating information, as well as material event notices, on the Municipal Securities Rulemaking Board's EMMA website.

"We continue to be seriously concerned about the gross inaccuracies in the current notice and the original notice of the SEC's time estimates for compliance with the rule and the failure of the SEC to estimate the rule's primary disclosure compliance burdens, as separate and distinct from its secondary market compliance burdens," the letter stated.

"These estimates continue to seriously and materially underestimate the time burden of the rule on broker dealers," SIFMA said of the commission's latest numbers, "which peg the dealer compliance burden as 10 hours per year per firm to determine that an issuer has entered into a continuing disclosure agreement. In a competitive offering," a Bond Buyer article reported. "SIFMA estimates firms spend on average six man-hours on each offering they bid."

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