

MEMO# 5978

June 20, 1994

DRAFT LETTER ON SEC PROPOSAL CONCERNING DISCLOSURE IN THE MUNICIPAL SECURITIES MARKET

June 20, 1994 TO: SEC RULES COMMITTEE NO. 66-94 UNIT INVESTMENT TRUST COMMITTEE
NO. 43-94 SECONDARY MARKET DISCLOSURE TASK FORCE RE: DRAFT LETTER ON SEC
PROPOSAL CONCERNING DISCLOSURE IN THE MUNICIPAL SECURITIES MARKET

_____ As we previously informed you, the Securities and Exchange Commission has proposed amendments to Rule 15c2-12 under the Securities Exchange Act of 1934 to improve disclosure practices in the municipal securities market. (See Memorandum to SEC Rules Committee No. 34-94, Unit Investment Trust Committee No. 21-94 and Secondary Market Disclosure Task Force, dated March 18, 1994.) Attached is a draft comment letter on this proposal. The draft letter generally expresses support for the proposal, but recommends that securities subject to full credit substitution be exempt. In addition, the letter recommends that there be only one national repository for the financial information that would be provided by issuers under Rule 15c2-12 as proposed to be amended. The letter also recommends that, with respect to the proposal to prohibit a municipal securities dealer from making a recommendation unless it has reviewed the information the issuer undertook to provide in connection with the primary offering, dealers be exempt from this prohibition where they disclose that they have not reviewed the information and where they are not making a recommendation. Finally, we recommend that all outstanding securities be grandfathered and that there be a sufficient transition period before the proposed requirements become effective. In addition to any general comments you may have on the draft letter, we would appreciate your thoughts on the questions highlighted in bold print on pp. 6 and 7. Comments are due to the SEC on this proposal by July 15, 1994. Please provide me with your comments by July 5, 1994. My direct number is 202/326-5824. Amy B.R. Lancellotta Associate Counsel
Attachment