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WASHINGTON, DC

PHONE 202-503-3300 601 Thirteenth Street, NW  
FAX 202-637-0217 Suite 800 South  
www.nabl.org Washington, D.C. 20005

August 29, 2017

Brent J. Fields  
Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

RE: Proposed Amendments to Exchange Act Rule 15c2-12 (Release  
No. 34-80130; File No. S7-01-17)

Dear Mr. Fields:

The National Association of Bond Lawyers (“NABL”) respectfully submits the attached comments to the U.S. Securities and Exchange Commission regarding the proposed amendments to Exchange Act Rule 15c2-12, Release No. 34-80130, File No. S7-01-17, which were published in the Federal Register on March 15, 2017. These comments, which supplement the comments filed by NABL on May 15, were prepared by the Securities Law Working Group, composed of the individuals listed in Exhibit 1 of the May 15 submission, and were approved by the NABL Board of Directors.

NABL exists to promote the integrity of the municipal securities market by advancing the understanding of and compliance with the law affecting public finance. We respectfully provide this submission in furtherance of that mission.

If NABL can provide further assistance, please do not hesitate to contact Bill Daly in our Washington, D.C. office at (202) 503-3303.

Thank you in advance for your consideration of these comments.

Sincerely,

Clifford M. Gerber

Attachment

SUPPLEMENT TO NABL COMMENTS  
TO PROPOSED RULE 15c2-12 AMENDMENTS

*Introduction; Supplement.* On May 15, 2017, the National Association of Bond Lawyers (“NABL”) provided comments (the “NABL May 15 Comments”) to the U.S. Securities and Exchange Commission (the “Commission”), addressing amendments (the “Proposed Amendments”) to Exchange Act Rule 15c2-12 (the “Rule”)<sup>1</sup> of the Commission proposed by Securities Exchange Act Release No. 34-80130, File No. S7-01-17, adopted March 1, 2017, and published in the Federal Register on March 15, 2017 (the “Proposing Release”).<sup>2</sup>

NABL submits this supplement to the NABL May 15 Comments to note a relevant development since the submission of the NABL May 15 Comments.<sup>3</sup>

*GASB Exposure Draft.* On June 29, 2017, the Governmental Accounting Standards Board (“GASB”) published a Proposed Statement regarding Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, an amendment of GASB Statements No. 34 and No. 38 (the “Bank Debt Exposure Draft”).<sup>4</sup> GASB released the Bank Debt Exposure Draft to invite comments (due September 15, 2017) to be considered during GASB deliberations on a final statement.

The Bank Debt Exposure Draft represents GASB’s effort to respond to concerns regarding the sufficiency and consistency of debt-related disclosure—the same concerns the Commission seeks to address with the Proposed Amendments. The Bank Debt Exposure Draft seeks to improve information that is disclosed by state and local governmental entities related to debt, including direct borrowings and direct placements:

- by defining debt for purposes of financial statement note disclosure broadly enough to include direct borrowings and direct placements, and
- by requiring additional financial statement note disclosure regarding the amount of unused lines of credit, collateral pledged to secure debt, and significant terms in debt agreements (specifically, events of default and termination events with finance-related consequences and subjective acceleration clauses).<sup>5</sup>

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<sup>1</sup> 17 C.F.R. 240.15c2-12.

<sup>2</sup> Prior to the NABL May 15 Comments, on April 11, 2017, NABL submitted its *Comments Regarding Collection of Information Burden of Proposed Amendments to SEC Rule 15c2-12* (the “NABL PRA Comments”) to the Commission and the U.S. Office of Management and Budget.

<sup>3</sup> The NABL Securities Law Working Group prepared this supplement to the NABL May 15 Comments based on its collective experience representing participants in the municipal securities market. See Exhibit 1 of the NABL May 15 Comments for the list of those individuals.

<sup>4</sup> GASB Exposure Draft, Proposed Statement of the Governmental Accounting Standards Board, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements (June 29, 2017).

<sup>5</sup> Bank Debt Exposure Draft at 1-2. NABL is currently considering the substance of the Bank Debt Exposure Draft and expresses no opinion herein about the merits of the GASB draft.

The Bank Debt Exposure Draft diverges from the Proposed Amendments in some respects. For example, the Bank Debt Exposure Draft notes that GASB believes that “the disclosures required by Statement No. 87, *Leases*, provide the essential information about lease liabilities,” and therefore it does not include additional disclosure requirements regarding leases. In contrast, the Proposed Amendments include leases within the definition of financial obligations, and therefore require additional disclosure beyond current financial statement disclosure. In addition, the Bank Debt Exposure Draft would apply to disclosures in annual financial statements while the Proposed Amendments would require that disclosures be made within ten days of the occurrence of the event.

*Recommendation.* In the NABL May 15 Comments we recommended that the Commission postpone, or provisionally withdraw, the Proposed Amendments for a two-year period. The release of the Bank Debt Exposure Draft provides an additional reason for the Commission to postpone or provisionally withdraw the Proposed Amendments.

GASB states in the Bank Debt Exposure Draft that the due diligence procedures it follows before issuing its standards and other communications “are designed to encourage broad public participation in the standards-setting process.” GASB further states that it will consider comments and will take “into consideration the costs of preparing and reporting the information and its benefits to users of financial statements” before final adoption.

Because the Bank Debt Exposure Draft addresses many of the same concerns as the Proposed Amendments and in light of the role that accounting standards play in providing consistent, comparable, and audited information for investors, the Commission should delay or provisionally withdraw the Proposed Amendments to assess whether the final GASB pronouncement provides sufficient investor information on this topic and, if not, to revise the Proposed Amendments to take GASB’s standards into account.