



February 4, 2013

Mr. Ronald W. Smith  
Corporate Secretary  
Municipal Securities Rulemaking Board  
1900 Duke Street, Suite 600  
Alexandria, Virginia 22314

Re: MSRB Notice 2012-61 Request for Comment on Concept Proposal to Require Underwriters to Submit Preliminary Official Statements to the MSRB's Electronic Municipal Market Access (Emma®) System

Dear Mr. Smith:

The National Federation of Municipal Analysts ("NFMA") is an association consisting of approximately 1,300 municipal credit analysts and portfolio managers from across the country. The NFMA appreciates the opportunity to comment on the concept proposal to require underwriters to submit preliminary official statements to the MSRB's EMMA system.

The NFMA fully supports this proposal, which we believe would be a critical enhancement to the centralized repository functions of EMMA. The market, particularly retail investors, would be better served by having timely access to preliminary official statements (POSs) as soon as they become available in the market. The distribution of POSs could also benefit institutional investors currently interested in such securities, but who may not be part of the active marketing effort for one reason or another. We also concur with the MSRB's statement that these filings would benefit both potential investors and current holders of parity debt or related securities by providing the most recent information available from the issuer. This would help fill a timing gap that currently exists under the existing disclosure system, where information could be up to 18 months old by the time audited financial statements are submitted to EMMA.

The MSRB has stated it seeks comments on the following specific matters. Our comments follow each section:

- 1. Would implementation of such a proposal help protect individual investors and promote informed investment decisions?*

We believe that this proposal would benefit individual investors and improve the decision making process for all prospective investors.

2. *Do retail investors have ready access to preliminary official statements posted on an issuer's website or through commercial vendors? Are they notified of new postings or supplements?*

We do not believe that most POSs are widely available on an issuer's website. We have no knowledge regarding the other questions.

3. *Would this potential requirement have any negative effects on the protection of investors and the public interest, or on the fair and efficient operation on the municipal market? If so, please describe in detail.*

We see no negative impacts on the protection of investors, the public interest or the fair and efficient operation of the market. In fact, we believe that all of the areas cited above would be better served by such a practice.

4. *Are there alternative methods that the MSRB should consider to provide the information sought under this concept proposal that would be more effective and efficient for investors and/or less costly or burdensome to underwriters?*

We believe that this is the most efficient and cost effective solution to the existing problem.

5. *Will posting preliminary official statements for lower credit offerings encourage investors to consider investments that may not be suitable for such investors? Are there other investor protection concerns associated with reaching new categories of investors, particularly retail investors?*

We believe that, to the contrary, it would allow potential investors to become better informed in making their investment decisions. The individual investors would still be protected by suitability requirements governing the sale of municipal securities.

6. *Would this potential requirement have any effect, positive or negative, on private commercial vendors currently providing access to preliminary and final official statements? If so, please describe in detail.*

We have no comment.

7. *What would be the additional, incremental burden to underwriters resulting from the submission requirements set forth in the concept proposal? What would be the incremental cost to dealers, both within and outside the syndicate, in implementing this proposal? Would those costs be outweighed by centralized access to preliminary official statements and supplements early in the offering process? Please quantify your response if possible.*

While we have no direct knowledge of incremental costs involved, we would not expect them to outweigh such benefits to the market.

8. *For those preliminary official statements distributed through commercial vendors, should underwriters be required to post/publish the electronic link to such documents to all persons (not only syndicate members) requesting the preliminary official statement?*

We feel that more disclosure is generally preferable in most cases.

9. *Would implementation of such a proposal encourage more voluntary submissions of information to EMMA?*

It is hard to predict, but it is hoped that this could become a catalyst to similar procedures for competitive issues. We would also recommend that this requirement be extended to competitive issues being sold with the assistance of a financial advisor, to the extent that they become subject to oversight by the MSRB.

10. *What, if any, provisions should be included concerning the ability of underwriters to remove a preliminary official statement or supplemental material from EMMA after posting if such information becomes stale?*

We would support the ability of an underwriter to withdraw such material if a sale has not taken place within a reasonable period, somewhere between 30 and 60 days, or if there have been material changes in the information provided during that period.

11. *Would implementation of such a proposal result in improved pricing for issuers, since there might be a broader base of interested investors?*

We would not expect that pricing would be affected, unless the amount of retail sales increased dramatically. In such an instance, broader distribution during a retail order period could potentially result in lower borrowing costs to the issuer.

12. *Would implementation of such a proposal hinder the market for small issuers or more complicated credit offerings? Would implementation result in less dealer interest in underwriting such issues?*

We would not foresee any negative market impact from the proposal, nor a lessening in interest in participation from the underwriting community.

13. *Should there be an exception for “small” issuers, and if so, how should a “small” issuer be defined?*

We are not in favor of an exception for small issuers, since infrequent issuers are often the subject of greater disclosure problems for investors. The opportunity for these issuers to provide current information to the marketplace would be very beneficial to investors. The process for disseminating documents to EMMA should not be affected by the size of the underwriting, as most market participants are already conversant with the EMMA system.

14. *Following finalization of the definition of municipal advisor, if an issuer has engaged a municipal advisor to advise it in connection with a transaction, should the municipal advisor be required to post the preliminary official statement to EMMA rather than the underwriter?*

We believe that for the sake of clarity, all underwritten issues should be filed with EMMA by the senior managing underwriter, or its designee from within the underwriting syndicate.

15. *For competitively bid transactions, who should be required to post the preliminary official statement? Should a financial advisor, if one had been appointed, be required to post the preliminary official statement to EMMA unless restricted by the issuer?*

Municipal advisors should be responsible for posting competitive issues to the EMMA, and should be required to do so under this regulation, should they ultimately fall under the jurisdiction of the MSRB.

16. *In those instances where a preliminary official statement has not been prepared, should the underwriter be required to post a notice on EMMA to that effect?*

We believe that this information would be helpful to the market.

17. *Would an industry-led initiative to develop a “best practice” be an acceptable alternative to implementation of this proposal, and if so, why? Please discuss how a “best practice” would achieve the objective of this proposal.*

We do not feel that a voluntary effort within the industry would have the desired effect that the MSRB is attempting to achieve. In fact, the lack of voluntary submission of POSs to EMMA in the recent past confirms this point.

We thank you for consideration of these comments.

Sincerely,

/s/

William Oliver  
Industry & Media Liaison  
NFMA

