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Ronald W. Smith
Corporate Secretary
MSRB
1300 Street NW
Washington, DC 20005

The following comments to MSRB Regulatory Notice 2016-11 (the “Notice”) are submitted by Wake County, North Carolina (“Wake County”). The Notice requests comments on proposal that would require municipal advisors to disclose information about a municipal entity client’s direct purchase and bank loan financings.

Wake County supports the MSRB’s suggestion that information regarding direct purchase and bank loan financings disseminated to the municipal marketplace through the EMMA system is healthy for the municipal markets. Wake County suggests, however that a better regulatory approach would be for the MSRB to work with the SEC to have Rule 15c2-12 amended to add such financings as an event for which an event notice should be filed pursuant to Rule 15c2-12(b)(5)(C).

Wake County believes that this approach is preferable for a number of reasons. First, some issuers may not employ the services of a municipal advisor at all, or may only employ those services for limited financings. Other municipal issuers may employ multiple advisors for different purposes. There may be bank loans and other private placements carried out where there is not a municipal advisor involved to know about and report the transaction. Second, this alternative proposal keeps the information filed on EMMA regarding the municipal issuer’s financings in the hands of the municipal issuer, rather than a third party. While the MSRB does require underwriters to file a copy of the Official Statement for a bond issue on EMMA, and sometimes there are requirements on variable rate transactions that require parties other than the municipal issuers to file information on EMMA, the County firmly believes that municipal issuers generally should be the party controlling the information about the issuer filed on EMMA. Third, a requirement that the municipal issuer undertake to file the information would result in an environment where a failure to file the information as undertaken would be an event the issuer must undertake to report in future Official Statements pursuant to Rule 15c2-12. Wake County believes this requirement would enhance compliance with the filing requirement addressed by the Rule, as issuers would want to avoid future disclosures of non-compliance.

Issuers are already required to file annual secondary market disclosures to the Municipal Securities Rule Making Board (MSRB) for outstanding debt subject to the continuing disclosure requirements under Rule 15c2-12. Additional disclosure of direct purchase and bank loans, by the issuer and not the municipal advisor, is in alignment with that issuer responsibility. The County urges MSRB to modify

its proposed rule, which would still allow information regarding direct purchase and bank loan financings disseminated to the municipal marketplace, but have the responsibility properly aligned by making it an event filed pursuant to Rule 15c2-12(b)(5)(C).

Sincerely,

Nicole Kreiser
Debt Manager