

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

June 7, 1996

Norman B. Rice  
Mayor of Seattle  
President  
The United States Conference of Mayors  
1620 Eye Street, NW  
Washington, DC 20006

Dear Mayor Rice:

Thank you for your letter regarding the Commission's efforts to improve the municipal bond market. The views of issuers of municipal securities are extremely important to the Commission. From the outset of our initiatives, we have worked with groups representing the various segments of the municipal marketplace. The Commission's 1994 Statement on the Disclosure Obligations of Municipal Securities Issuers and Others, which set forth the obligations of participants in the municipal securities markets under the anti-fraud provisions of the federal securities laws, was the subject of extensive public comment by municipal market participants, including cities, states, counties and other government issuers.

The Commission's secondary market disclosure rule, Rule 15c2-12, was in fact developed with the close cooperation and guidance of ten national groups representing the major constituencies with an interest in this issue. Among these were representatives of municipal issuers, including the Government Finance Officers Association, the National Association of Counties, the National Association of State Auditors, Comptrollers and Treasurers, and the Council of Infrastructure Financing Authorities. We found this partnership produced market-oriented, workable disclosure that has benefitted issuers as well as investors. We have attempted to continue this partnership through a program of outreach to ensure understanding and compliance with federal securities laws by all participants in the municipal marketplace, and through creation of an Office of Municipal Securities here at the Commission. It is clear to me from the concerns that you and other representatives of issuers have voiced that we need to continue this effort.

I believe that such efforts are critical to effective implementation of the recent amendments to Rule 15c2-12 and compliance with the antifraud provisions. Despite a twenty year history of the application of the antifraud provisions to the municipal market, we share your concern about the level of misunderstanding on the part of some issuers and others. We have tried to address this problem by improved communication. To that end, I have addressed annual meetings of the Government Finance Officers Association, National Association of State Treasurers, Municipal Treasurers' Association of the United States and Canada and others on our initiatives in the municipal market. Staff from the Divisions of Enforcement, Market Regulation

and Corporation Finance, as well as the Office of Municipal Securities, have met with participants in the municipal market across the country to provide guidance on compliance with the federal securities laws. Many of the participant groups have undertaken educational efforts of their own, and we have assisted in these efforts as well. I would be delighted if the United States Conference of Mayors would join us in this effort.

I have asked Paul Maco, Director of the Office of Municipal Securities, to contact Ed Somers as the first step. I look forward to working with you and your fellow mayors to promote sound disclosure practices in the municipal marketplace.

Sincerely,

Arthur Levitt

cc: The Honorable Phil Gramm  
The Honorable Christopher J. Dodd  
The Honorable Jack Fields  
The Honorable Edward J. Markey  
Ed Somers, The United States Conference of Mayors