



1401 H Street, NW, Washington, DC 20005-2148, USA
202/326-5800 www.ici.org

February 25, 2008

Mr. Ernesto A. Lanza
Senior Associate General Counsel
Municipal Securities Rulemaking Board
1900 Duke Street, Suite 600
Alexandria, Virginia 22314

Re: MSRB Notice 2008-05, MSRB Begins Planning for Continuing Disclosure Component of the New Electronic Municipal Market Access System (EMMA)

Dear Mr. Lanza:

The Investment Company Institute¹ commends the Municipal Securities Rulemaking Board (“MSRB”) for its leadership in the continuing development of a centralized, Internet-based system for free, real-time public access to all primary market, secondary market and trade price data for municipal securities submitted to the MSRB. The current proposal, to expand the MSRB’s Electronic Municipal Market Access system (“EMMA”), is another step in the much-needed creation of increased transparency of municipal securities information for investors.

Readily available information is critical to investors, who participate heavily in the municipal securities markets through funds. For example, mutual funds collectively hold about 31 percent of all U.S. municipal securities, totaling over \$801 billion, and thus have a strong interest in ensuring timely and efficient access to municipal securities disclosure information.

The EMMA pilot program currently encompasses only primary market disclosure information – official statements and advance refunding documents – submitted to the MSRB by underwriters of new issue municipal securities. It will be important, however, that EMMA be expanded, as proposed, to encompass secondary market disclosure – annual financial information and material events notices – as well as primary market disclosure.² A centralized source for *all* municipal securities disclosure information is required to ensure the consistency, and to improve the utility, of such information by

¹ The Investment Company Institute is the national association of U.S. investment companies, including mutual funds, closed-end funds, exchange-traded funds (ETFs), and unit investment trusts (UITs). ICI seeks to encourage adherence to high ethical standards, promote public understanding, and otherwise advance the interests of funds, their shareholders, directors, and advisers. Members of ICI manage total assets of \$12.68 trillion and serve almost 90 million shareholders.

² See MSRB Notice 2008-05, *MSRB Begins Planning for continuing Disclosure Component of the New Electronic Municipal Market Access System (EMMA)* (January 31, 2008).

allowing investors in municipal securities to access comprehensive disclosure information for an issuer at a single source. Thus, it also will be critical for the Securities and Exchange Commission ("SEC") to amend Rule 15c2-12 under the Securities Exchange Act of 1934 to provide for a centralized electronic submission and dissemination model for secondary market disclosure.³

The Institute has consistently endorsed making available to investors municipal security disclosures on a timely basis through an easily accessible venue, such as a system similar to the SEC's EDGAR registration and periodic disclosure system for public companies. The Institute strongly supported the MSRB's first step in its plan to create centralized disclosure for municipal securities – the proposal to adopt an "access equals delivery" standard for primary market disclosure.⁴ At that time, the Institute had been concerned that the specific proposal could, as a practical matter, maintain the status quo of decentralized municipal securities disclosure. Accordingly, the Institute expressed its belief that any new electronic system should electronically submit primary market disclosure to all repositories (the current recipients of secondary market disclosure), providing investors with access to comprehensive disclosure information at a single source. This concern would be resolved by the current proposal, which would provide for a centralized source for *both* primary and secondary municipal market disclosure.

* * * * *

The Institute appreciates the opportunity to comment on this proposal. If you have any questions or comments or would like any additional information, please contact the undersigned at 202/326-5920 or via email at htraeger@ici.org.

Sincerely,

/s/ Heather Traeger

Heather Traeger
Assistant Counsel

CC: Lynnette Hotchkiss, Executive Director
Harold Johnson, Deputy General Counsel
MSRB

Erik Sirri, Director
Martha Haines, Chief, Office of Municipal Securities
Division of Trading and Markets
Securities and Exchange Commission

³ Rule 15c2-12 provides that secondary market disclosure information be filed with nationally recognized municipal securities information repositories, or NRMSIRs.

⁴ See Letter from Elizabeth R. Krentzman, General Counsel, Investment Company Institute, to Ernesto A. Lanza, Senior Associate General Counsel, MSRB, dated September 14, 2006.