



# THE UNITED STATES CONFERENCE OF MAYORS

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April 24, 1996

Arthur Levitt Jr., Chairman  
Securities and Exchange Commission  
450 Fifth Street NW  
Washington, DC 20549

Dear Mr. Levitt:

As President of the United States Conference of Mayors, I am writing you regarding the Securities and Exchange Commission's activities in the municipal bond area. Cities issue debt to provide a wide range of services to the public, such as transportation facilities, public utility systems, parks and cultural buildings. Mayors place a very high priority on maintaining public confidence and credibility with the financial markets in such matters. We know that independent oversight and rigorous rules are essential to maintaining such faith. Without strong credit, we would be severely hampered in our ability to meet public needs.

I appreciate that you have made municipal market reforms one of your top priorities as chairman of the SEC. Many cities participated in your rule-making processes on this subject. While the amendments to 15c2-12 require considerable vigilance and effort by cities, I believe most mayors support them as reasonable safeguards for the public's trust in municipal bonds. However, as with any major new set of rules, there will be a learning curve for everyone involved, and the rules will become clearer through application.

I like our counterparts at the National League of Cities and the Government Finance Officers Association, the Conference of Mayors has been hearing from its members that the SEC appears to be developing standards of ordinary care through the enforcement process. In addition, a number of cities have raised concern about retroactive application prior to the adoption of rules.

I would like to suggest that you consider convening a temporary group representing public issuers, underwriters and other affected parties to review how implementation and enforcement of the new rules are going after the first year. Such a review could help clear the air.

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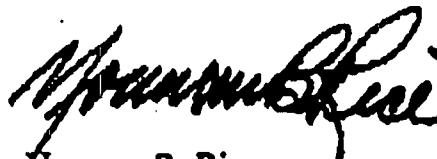
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unintended consequences in this vital trillion dollar per year market. Of course I am not asking that the review impede any current investigations, nor that they be reviewed by anyone other than the appropriate government officials. If there is any wrongdoing, I urge the S.F.C. to weed it out. On the other hand, if there is merely misunderstanding of new rules or growing pains in adjusting to them, we all should work together to improve the implementation. Our mutual goal should be reasonable requirements that will protect the interests of bondholders while ensuring the financial integrity of the nation's cities.

Thank you for your attention to this important issue. Please contact Ed Somers at the Conference of Mayors (202-861-6706) if you have any questions.

Sincerely,



Norman B. Rice  
Mayor of Seattle  
President

cc: The Honorable Phil Gramm  
The Honorable Christopher J. Dodd  
The Honorable Jack Fields  
The Honorable Edward J. Markey

