



August 10, 2010

U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

To Whom It May Concern:

This letter is in response to the notice published on the SEC's Web site requesting public comments on regulatory initiatives under the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act") (PL 111-203).

As you know, the Act provides the SEC authority to require FINRA to impose a fee on broker-dealers to fund the Governmental Accounting Standards Board ("GASB"). The Act also requires the U.S. Government Accountability Office ("GAO") to conduct a study of GASB's role and importance and the manner and level of its funding, to be completed within 180 days of the Act's enactment. We believe it is important for the SEC to have the benefit of the GAO's conclusions before it exercises its authority related to GASB funding. SIFMA<sup>1</sup> therefore requests that the SEC withhold any action related to requiring FINRA to impose a GASB funding fee on broker-dealers pending the outcome of the GAO's study.

#### Background

Section 978(a) of the Act states that the SEC may require FINRA to impose "a reasonable annual accounting support fee to adequately fund the annual budget" of GASB and may require FINRA to establish rules and procedures "to provide for the equitable allocation, assessment, and collection of the accounting support fee." With regard to the rules and procedures, the SEC must consult "with the principal organizations representing State governors, legislators, local elected officials, and State and local finance officers." There is no requirement in the Act as to when or even whether the SEC must exercise its authority.

Section 978(b) of the Act requires the GAO to undertake a study of "the role and importance of [GASB] in the municipal securities markets." The GAO is also required to study "the manner and the level at which[GASB] has been funded." The study must be completed within 180 days of the Act's enactment (January 17, 2011), and in its study the GAO must "consult with the principal organizations representing State governors, legislators, local elected officials, and State and local finance officers."

---

<sup>1</sup> The Securities Industry and Financial Markets Association (SIFMA) brings together the shared interests of hundreds of securities firms, banks and asset managers. SIFMA's mission is to support a strong financial industry, investor opportunity, capital formation, job creation and economic growth, while building trust and confidence in the financial markets. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA). For more information, visit [www.sifma.org](http://www.sifma.org).

GASB was founded in 1984 as an operating component of the Financial Accounting Foundation (“FAF”). GASB’s mission is to publish accounting standards for state and local governments. According to GASB, its funding currently comes “in part from sales of its own publications and in part from state and local governments and the municipal bond community.”

Private sector entities with public securities outstanding are required to adhere to Generally Accepted Accounting Principles (“GAAP”) produced for private-sector entities by the Financial Accounting Standards Board (“FASB”). By contrast there are no federal statutory or regulatory requirements that state or local governments, even those with public securities outstanding, comply with GASB standards; indeed, many governments do adhere to GASB standards, but not all. Also unlike FASB GAAP, neither the SEC nor any other regulator has oversight over GASB’s standards.

GAO study and SEC authority

SIFMA welcomes the GAO study of GASB’s role and importance in the municipal bond market and the manner and level of its funding. GASB can conceivably play an important role in the accounting practices of states and local governments and can potentially have a positive effect on the quality of financial disclosure provided by governments to investors in their bonds. We are especially eager to hear the GAO’s conclusions and recommendations regarding oversight of and compliance with GASB standards, and we are hopeful that the GAO will carefully examine GASB’s funding needs.

In anticipation of the GAO’s work, it would be inappropriate for the SEC to act on the authority provided under Section 978 of the Act before the study is completed. The GAO’s research will surely provide important information and conclusions to inform the SEC’s consideration of GASB funding issues, and we urge the SEC to withhold any action on GASB funding until after the GAO has completed its work.

Thank you for your consideration, and please do not hesitate to contact me with questions or comments.

Sincerely,



Michael Decker  
Managing Director and Co-Head, Municipal Securities