



October 1, 2009

Elizabeth M. Murphy, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: File Number S7-18-09 - Proposed
Placement Agent Rules

Dear Ms. Murphy:

The undersigned are the three member-elected trustees of the Teachers' Retirement System of the City of New York ("TRS"). As individual trustees, we respectfully submit the following comment concerning the SEC's proposed rule 206(4)-5. We endorse the SEC's objectives and many of the provisions of the rule but specifically write to express opposition to the rule's absolute ban on all third party placement agents.

The TRS program currently offers both Qualified Pension and Variable Annuity Programs to approximately 182,000 in-service members, retirees and beneficiaries. TRS has assets of approximately \$26.3 billion in its Qualified Pension Plan and \$12 billion in its Variable Annuity Plan. These assets are invested in domestic and international public equity, private equity, bonds, real estate and alternative investments.

In investing these assets, TRS works with the New York City's Office of the Comptroller and its own investment consultant to identify "best of breed" investment managers. These managers go through a rigorous screening process before the Board makes a selection. A significant number of managers, including many of the smaller firms and women and minority owned firms screened by TRS, have come to the attention of the System through the work of placement agents. Indeed, the roster of TRS investment managers currently include a number who were represented by placement agents, most in the private equity and alternative investment space, but at least one manager of equity assets as well.

We believe that the proposed ban would limit the number of firms that TRS would be able to consider. We believe that the immediate effect would be to reduce the available pool of women and minority firms and squeeze smaller firms out of the market. Investment opportunities will be missed. In such an environment, only the largest firms, promoted by their in-house staffs, will be able to compete. It is our expectation that fees will rise and investment opportunities will diminish. Moreover, it is not clear why these in-house staffs, which functionally serve the same purpose as placement agents, would not be equally capable of engaging in some of the abuses addressed in other sections of the proposed rule.

We believe that, instead of a complete ban, a more reasonable approach is to require full disclosure, oversight by the full board of trustees and a requirement that a qualified unaffiliated person conduct system fiduciary and conflict of interest reviews. The TRS Board recently filed comments with the New York State Insurance Department ("NYSID") on its proposed placement agent regulations, urging the adoption of rules providing that the retirement system cannot:

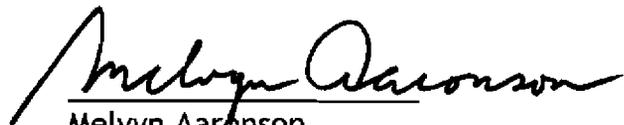
"engage, hire, invest with or commit any funding or investment to, a private equity firm or an outside investment manager in obtaining investments by the retirement system, unless after full disclosure of the arrangement by the private equity firm or investment manager to the Board of Trustees, the Board of Trustees concludes in writing that the placement agent or other intermediary provides appropriate services."

TRS also endorsed NYSID's proposal requiring that a qualified unaffiliated person periodically conduct fiduciary and conflict of interest reviews of the system.

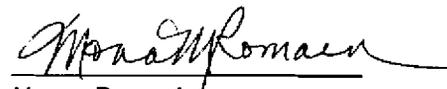
Public pension funds throughout the country have been adopting codes of conduct which are designed to prevent the abuses noted in your report. We urge that, as an alternative to a complete ban, you reconsider incorporating elements of the most effective models into your rule.

We thank you for your consideration of our comments.

Respectfully submitted,


Melvyn Aaronson


Sandra March


Mona Romain