National Conference on
Public Employee Retirement Systems
The Voice for Public Pensions

October 6, 2009

Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

— Delivered via Electronic Mail —

RE: Comments to SEC Proposed Rule on Political Contributions by Certain Investment Advisers File Number S7-18-09.

To Whom It May Concern:

On behalf of the more than 500 public pension funds that are members of the National Conference on Public Employee Retirement Systems (NCPERS), we write this letter in response to the Commission's proposed rule on Political Contributions by Certain Investment Advisors. NCPERS is the largest trade association for public sector pension funds, with a membership of public pensions throughout the United States that collectively manage nearly $2.4 trillion in pension assets.

While the Commission seeks comments on six areas covered in the proposed rule, our comments will focus on the proposed Ban on Using Third Parties to Solicit Government Business. NCPERS believes that the majority of third-party marketers are legitimate businesses that conform to current rules and provide valuable services to pension funds. Therefore we oppose the proposed Ban on Using Third Parties to Solicit Government Businesses based on the following:

1. NCPERS believes that, rather than an outright ban on third-party solicitation, the most effective method of reducing or eliminating undue influence is by having multiple trustees on public pension boards. When multiple trustees representing all the stakeholders comprise the pension board, a product or service that is marketed to the pension must receive the support of at least a majority of the trustees—rather than a single fiduciary—for the deal to be approved. This ensures that even if a trustee is unduly influenced, only deals that are in the best interest of the pension will be made.

2. It has been our experience that smaller, less established firms are the one that employ third-party marketers because they may not have the means to hire in-house marketing staff. Most third-party marketers provide a value-added service that extends throughout the entire sales cycle and in most cases includes providing investor relation services to those accounts they helped to secure.The proposed ban on third-party solicitation would essentially deprive public pension funds awareness of and access to these smaller, less established firms. In many cases, these firms are

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minority or women owned and offer innovative products that public pensions rely upon to help generate the investment returns needed to fund the system. Additionally, placement agents serve an important screening and pre-qualification function for potential investors such as public pension funds by choosing to represent firms that are able to meet the needs of the broader investment community.

NCPERS thanks the Commission for providing an opportunity to comment on its proposed rule.

If the Commission has any questions or seeks clarification, we would be delighted to provide any information requested.

Sincerely,

Hank Kim, Esq.
Executive Director & Counsel