



**Association of  
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**Darrell G. Kirch, M.D.**  
President and Chief Executive Officer

February 16, 2011

Ms. Elizabeth M. Murphy  
Secretary  
Securities and Exchange Commission  
100 F Street, N.E.  
Washington, D.C. 20549-0690

Dear Ms. Murphy:

*RE: Registration of Municipal Advisors, Proposed Rule  
File Number S7-45-10, Release No. 34-63576, 76 Fed. Reg. 824*

On behalf of the Association of American Medical Colleges (AAMC), please accept this comment letter regarding the proposed SEC rule establishing a permanent registration requirement for municipal advisors. The AAMC is a 501(c)(3) nonprofit organization eligible to issue tax-exempt bonds through the District of Columbia government and uses this financing in furtherance of its exempt purposes of advancing medical education, research, and health care. AAMC members include many of the nation's major teaching hospitals and health systems, most of which also are 501(c)(3) nonprofit organizations.

The AAMC supports the intent of the Dodd-Frank Act to empower the Commission to effectively oversee municipal advisors and the municipal securities market, but the proposed rule is overly broad and would unnecessarily encompass officers and Board members of nonprofit organizations that are eligible to participate in the issuance of municipal bonds.

The 1934 Exchange Act, as amended by the Dodd-Frank Act, mandates registration for a "municipal advisor" who "provides advice to or on behalf of an 'obligated person' regarding municipal financial products or the issuance of municipal securities, including advice with respect to the structure, timing, terms, and other similar matters concerning such financial products or issues...." An "obligated person," under the Exchange Act, can include an entity acting as a conduit borrower such as a private university, a nonprofit hospital, or a private corporation.

The Exchange Act authorizes the Commission to approve an exemption from the registration requirement "if the Commission finds that such exemption is consistent with the public interest, the protection of investors, and the purposes of the registration law." The AAMC strongly urges the SEC to find that for the reasons articulated below, an exemption should be granted to officers and Board members of nonprofit organizations.

Members of the AAMC's Board of Directors serve on an uncompensated basis. They, like the AAMC's officers, are subject to fiduciary duties, conflict of interest restrictions, and other Federal and State regulations applicable to nonprofit organizations. On the infrequent occasions when our officers and Board members consider a bond financing matter, they participate in a decision-making process entirely within our organization and are not serving as "advisors" or "providing advice" as those terms are commonly understood.

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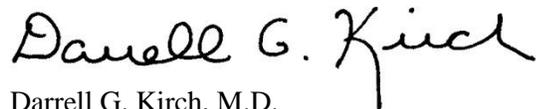
Extending a registration requirement to officers and directors who discharge their fiduciary responsibilities within a nonprofit organization's governance structure will cause unnecessary expense and confusion. It has the potential to encourage officers and Board members to avoid engagement on corporate matters that are traditionally under their purview, such as those that might involve "advice with respect to the structure, timing, terms, and other similar matters concerning" municipal financing. Further, it will create a disincentive to qualified individuals' willingness to serve in leadership capacities in the nonprofit sector.

The preamble to the proposed rules offers no suggestion that there is a connection between the financial crisis and the actions of officers and directors of nonprofit organizations. The April 2009 Study issued by the Municipal Securities Rulemaking Board "Unregulated Municipal Market Participants: A Case for Reform" – cited by the Commission – focuses on the need to regulate financial advisory and investment firms that provide advice to issuers, making no mention of the internal decision-making of nonprofit organizations concerning tax-exempt bond financing. And we are unaware of any Congressional finding that officers or directors of nonprofit organizations contributed in any way to the financial crisis. In short, there is no need to extend this regulation to officers or members of the boards of nonprofit entities.

We urge the Commission to exercise its statutory authority to exempt employees and directors of nonprofit organizations from registration to the extent that such individuals are discharging their fiduciary obligations within a nonprofit organization's internal decision-making and governance structure. We believe that such an exemption is consistent with the purposes of the Act, would not lessen protections for investors, and is in the public interest. We thank you for your consideration.

If you have any questions, please contact Frank Trinity, the AAMC's Chief Legal Officer, at 202-828-0540 or [ftrinity@aamc.org](mailto:ftrinity@aamc.org).

Sincerely,



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