

February 17, 2011

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

Re: File Number S7-45-10, Registration of Municipal Advisors

The following comments, on behalf of the Council of Infrastructure Financing Authorities (CIFA), are submitted to the Securities and Exchange Commission (SEC) with respect to the proposed rule that would require “municipal advisors” to register with the SEC.

CIFA is a national organization of State agencies involved in the financing of water infrastructure, many of which have the authority to assist and facilitate the issuance of debt financing.

A number of these State entities operate under the direction of a governing board, created by statute, which contains public members appointed by the Governor. The proposed rule will have an undermining adverse impact on the constitution and functioning of such boards. It is requested that SEC modify the rule-making to exclude from the definition of “municipal advisor” board members of a state governmental entity, whether elected or appointed.

The Commission’s assertion that registration of public members as municipal advisors is justified because, “appointed members, unlike elected officials and elected ex-officio members, are not directly accountable for their performance to the citizens of the municipal entity” is unfounded in the case of appointed board members of a state governmental entity. These individuals are appointed by the State Governor and confirmed by the State Senate. They must comply with applicable State ethics laws. They are held to a high standard of conduct and are most certainly held accountable, being subject to state laws, rules and regulations regarding qualifications, conflict of interest, financial disclosure and removal. Meetings and records are open to public scrutiny.

The proposed rule reflects a threshold misunderstanding of the role of appointed members. Such members do not “provide advice” in the sense that they are acting in a professional capacity providing knowledge and expertise in municipal financial matters. Rather they rely on such advisors for guidance on bond issuance and financings. The function of the appointed member is to participate in the deliberative process, expressing views on matters relating to municipal bond issues, and to decide, in conjunction with other members, on a course of action. To suggest that function is akin to that of a “municipal advisor” is simply incorrect.

The registration requirement will, at a minimum, thwart deliberative discussions regarding the issuance of bonds, financings and investments by appointed board members; a result at odds with the goals of transparency, accountability and a sound decision-making process. More likely, citizens willing to serve as board members out of a sense of civic obligation with little or no compensation will find the burdens, financial and otherwise, of registration a critical impediment

to such service. These members bring a diverse background, experience, and expertise to board deliberations and there is a significant public policy benefit derived from that diversity. By this requirement the SEC will dilute the concept of full citizenship participation and narrow the scope of knowledge, advice and judgment available to State boards.

On behalf of its member State agencies, CIFA requests that this portion of the proposed SEC rule on Municipal Advisors be withdrawn from the final rule-making.

Rick Farrell  
Executive Director  
Council of Infrastructure Financing Authorities  
316 Pennsylvania Avenue, S.E.  
Suite 404  
Washington, D.C. 20003