

**Bond Dealers of America
Council of Development Finance Agencies
National Association of State Auditors, Comptrollers, and Treasurers
National League of Cities**

January 24, 2011

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

RE: File Number S7-45-10; Concerns with Proposed Regulations on Board Members Registering as Financial Advisors

Dear Ms. Murphy,

The U.S. Securities and Exchange Commission recently issued proposed rules that would require appointed board members of municipal entities to register with both the SEC and the Municipal Securities Rulemaking Board (MSRB) if they advise on the issuance of municipal securities. The following undersigned organizations find serious cause for concern with these proposed rules as they would have a negative effect on the ability of state and local officials to find volunteers willing to serve on the boards of bond-issuing authorities.

These cumbersome and unnecessary regulations are burdensome to volunteer board members who serve their community so effectively. It is quite common for finance authority boards to have governance structures made up entirely or partly of appointed board members. The proposed SEC rule, if enacted, would threaten the ability of such entities to function.

For a lot of entities the majority of their board is appointed by the elected leadership, and they serve in the public interest without compensation. It will become very difficult to justify a rational for services if they become individually subject to SEC regulation of their activities. This kind of regulation directly undermines the corporate structure of many entities throughout the country.

Finally, we believe that the SEC has used isolated situations of conflicts of interest to justify this ruling. The vast majority of issuers have policies and procedures in place to prevent conflict of interest situations and these cumbersome regulations would burden state and local issuers at a time when future oversight is unnecessary.

We ask that you consider expanding the exclusion for local government officials, including among them, appointed board members and other elected and appointed of "municipal entities," from the requirement to register as "municipal advisors" by including them within the definition of "municipal employee."

In support of all the entities we represent we urge the SEC to reconsider these proposed rules and we stand prepared to discuss this issue future if requested.

Sincerely,

Bond Dealers of America

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