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February 18, 2011

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

Re: Comment Letter on Release No. 34-63576
File No. S7-45-10

Dear Ms. Murphy:

The Regents of the University of California appreciates this opportunity to comment on the proposed rule relating to registration by municipal advisors with the Securities and Exchange Commission (the "Commission").

To place our comments in context, we provide a brief overview of the governance structure of the University of California (the "University"). Pursuant to Article IX, Section 9, of the California Constitution, the University is a public trust administered by a corporation known as "The Regents of the University of California" ("The Regents"). As the California Attorney General has stated: "[The Regents] ... is a constitutional corporation or department and constitutes a branch of the state government equal and coordinate with the legislature, the judiciary and the executive." (30 Ops.Cal.Atty.Gen. 162, 166 (1957)).

As provided in Article IX, Section 9, of the California Constitution, the corporation known as The Regents "shall be in form a board" (the "Board"). The Board consists of eighteen members appointed by the Governor of the State of California and confirmed by the California Senate, and seven ex officio members – the Governor, Lieutenant Governor, Speaker of the Assembly, Superintendent of Public Instruction, President and Vice President of the University's Alumni Associations and the President of the University, and may also include a faculty member and/or student member appointed by the Board. All members of the Board are unpaid volunteers.

The proposed rule, required by the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), would supplant a temporary rule the Commission adopted in September 2010. Because the Dodd-Frank Act required that these advisors register by October 1, 2010, the Commission adopted its earlier temporary rule on an interim basis so that advisors could fulfill the Act's mandates.

The Regents supports the proposed rule change. However, as applied to The Regents, the Commission's proposed rule change would impose unnecessary burdens with little countervailing benefit and likely would hinder efforts to

recruit qualified citizens to perform a critical public service. Accordingly, we strongly urge that all members of the Board (and those similarly situated) be expressly exempted from the definition of "municipal advisor."

Municipal advisors provide advice to state and local governments and public universities, such as The Regents, involved in the issuance of municipal securities or with respect to the investment of governmental monies. Municipal advisors also solicit business from municipal entities for a third party. Subject to certain exemptions, the definition of municipal advisor under the Dodd-Frank Act includes financial advisors, guaranteed investment contract brokers, third-party marketers, placement agents, solicitors, finders and certain swap advisors that provide municipal advisory services.

Section 975 of the Dodd-Frank Act defines the term "municipal advisor" to mean "a person (who is not a municipal entity or as employees of a municipal entity) that (i) provides advice to or on behalf of a municipal entity or obligated person with respect to 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; or (ii) undertakes a solicitation of a municipal entity." The Dodd-Frank Act excludes from the definition of municipal advisor "a municipal entity" and "employees of a municipal entity", but does not define what constitutes "employees."

The Commission has stated that it:

"... believes that the exclusion from the definition of a 'municipal advisor' for 'employees of a municipal entity' should include any person serving as an elected member of the governing body of the municipal entity to the extent that person is acting within the scope of his or her role as an elected member of the governing body of the municipal entity. 'Employees of a municipal entity' should also include appointed members of a governing body to the extent such appointed members are ex officio members of the governing body by virtue of holding an elective office. The Commission does not believe that appointed members of a governing body of a municipal entity that are not elected ex officio members should be excluded from the definition of a 'municipal advisor.' The Commission believes that this interpretation is appropriate because employees and elected members are accountable to the municipal entity for their actions. In addition, the Commission is concerned that appointed members, unlike elected officials and elected ex officio members, are not directly accountable for their performance to the citizens of the municipal entity."

As a threshold matter, the members of the Board do not raise the concerns that the proposed rule is designed to address and accordingly, as to them, the rule is simply inapposite. The rule is primarily directed to third parties (i.e., those outside the entity) which provide advice, act on behalf of, or solicit public entities, without any fiduciary obligation to the public. Indeed, public accountability is the touchstone on which the Commission proposes to exempt from the rule's requirements certain classes of individuals (e.g., employees, elected board members, and elected ex officio board members). Members of the Board, however, are not third parties vis-a-vis the University. They act only as a group, and when they so act, they *are* the public entity. Indeed, the language of the California Constitution states that the corporation known as The Regents "shall be in form a Board." Therefore, when The Regents deliberates and authorizes bond issues or the execution of other financial products, there is a common identity between the Board and The Regents, and Board members, whether elected, ex officio or appointed, cannot be viewed as third party advisors to The Regents. For these purposes, the Board and The Regents are indivisible.

In addition, the Commission makes a distinction between the level of accountability of elected and elected ex officio members of a board, on the one hand, and appointed members of a board, on the other hand. With respect to The Regents, this distinction is not appropriate. The members of The Regents share most of the characteristics of the other classes expressly exempted under the proposed rule. Under decades old corporate law, Regents are obligated to act only in the best interest of the University and to place such interests above all others. Thus, appointed and ex officio members of the Board have accountability to the entity and the public at least as great as that of The Regents'

employees. The members of the Board who are appointed by the State's Governor must be confirmed by the California Senate, a process that assures vetting both by the Governor and the public's statewide elected representatives; it thus exacts a measure of public accountability comparable (at the very least) to that attending elected ex officio members. Because members of the Board of Regents derive their authority directly from the California Constitution and their formal actions carry the force and effect of state law, the members assume a character and authority of a legislator.

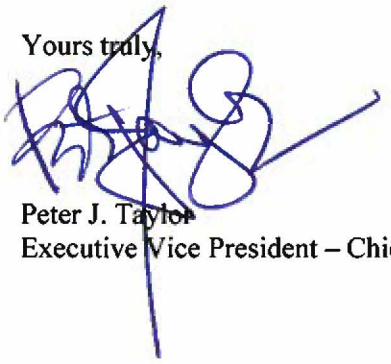
Further still, as public officials, all individual Regents' actions (whether appointed, elected or ex officio) are already governed by a comprehensive set of public accountability laws, including laws governing financial disclosures, conflicts of interest and recusal, open meetings, and public access to records. Given this comprehensive state regulatory scheme, the proposed rule offers little if any additional benefit, and as noted would carry the risk of discouraging citizen volunteers from engaging in important public service.

Finally, to subject Board members of The Regents to the obligations imposed on municipal advisors by regulation would represent an unprecedented overreaching by the Commission, an intrusion upon The Regents as a sovereign entity and a substantial burden on The Regents, an example of an entity which Congress intended to protect under these provisions of the Dodd-Frank Act. As one example, the registration requirements of the Dodd-Frank Act, including the related expenses and federal securities law liability, will discourage qualified citizens from serving as a member of the Board.

In conclusion, the Commission should, for the purpose of the Dodd-Frank Act, expressly exempt from the definition of municipal advisor all directors, trustees and board members of municipal entities and other governmental entities, such as The Regents, whether they are elected, ex officio or appointed.

We very much appreciate the opportunity to provide the foregoing comments in response to the Commission's proposed rule. Should you have any questions or desire clarification concerning the matters addressed in this letter, please do not hesitate to contact James D. Agate, Esq., Office of the General Counsel at 1111 Franklin Street, Oakland, California 94607, (510) 987-9719. The Regents would also welcome the opportunity to discuss the matters addressed in this letter in an in-person meeting with the Commission's staff and would look forward to such a meeting in Washington if the Commission is so willing.

Yours truly,



Peter J. Taylor
Executive Vice President – Chief Financial Officer

cc: General Counsel Robinson
Associate Vice President Falle
Executive Director Kim