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BY ELECTRONIC MAIL

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

Re: Government Development Bank for Puerto Rico Comments to the Proposed Rule Regarding
Registration of Municipal Advisors (SEC Release No. 34-63576; File No. S7-45-10)

Dear Secretary Murphy:

I am writing as General Counsel of the Government Development Bank for Puerto Rico (the "Bank") in response to the above-referenced Release (the "Release") by the Securities and Exchange Commission (the "SEC"). The Bank is very concerned with the proposed rule (the "Rule") which would include appointed board members of a municipal entity within the definition of "municipal advisors" and thus, create a permanent registration process as such.

In essence, I agree with the concerns summarized in the letter of Hawkins Delafield & Wood LLP, dated February 16, 2011 (the "Hawkins Letter") which sets forth many of the concerns already filed to the effect that: (i) municipal entities and, generally, obligated persons are either their governing board or operate through the governing board and, in either event, the implication that a board member can be a municipal advisor to such board or the related municipal entity or obligated person is fundamentally flawed; (ii) the distinction between elected and non-elected members of the governing board of a municipal entity in determining who is an "employee" within the meaning of Section 15B(e)(4)(A) of the Securities Exchange Act of 1934 (the "1934 Act") is artificial; (iii) the assumption that non-elected members of boards of municipal entities are not accountable is incorrect and reflects a misunderstanding of how such boards operate and how such board members are appointed and their responsibilities; (iv) subjecting non-elected board members of municipal entities and board members of obligated persons to the registration requirements and expense, federal fiduciary standards, and federal securities law liability, can only have the effect of discouraging participation; and (v) an employee of municipal entity A who provides services to, but is not an employee of, municipal entity B, should be exempt under Section 15B(e)(4)(A) if both entities operate for the benefit of the same governmental unit, whether at the state, county, or municipal level.

The Bank, among its statutorily imposed obligations, serves as the fiscal agent and financial advisor for the Commonwealth of Puerto Rico (the “Commonwealth” or “Puerto Rico”). As such, the Bank is responsible for developing financial strategies for the Commonwealth and its constituent entities. Since the Bank’s founding in 1942, it has played a key role in financing Puerto Rico’s economic infrastructure projects. Today, the Bank, its subsidiaries and affiliates, directly assist in the financial structuring for infrastructure, housing, municipal, educational and health-related projects and help develop job-creating industries in Puerto Rico.

The Bank is governed by a seven member Board of Directors (the “Board”) appointed by the Governor of Puerto Rico, with the approval of the Council of Secretaries, a constitutionally created council comprising a number of secretaries of different executive departments of the Commonwealth. Board members generally have particular areas of expertise that are critical in assisting in the decision-making process and facilitating the effective functioning of the Bank.

As part of its role as fiscal agent and financial advisor, the Bank reviews and recommends to the Secretary of the Treasury, in the case of direct Commonwealth obligations, or to the boards of Commonwealth’s various agencies and authorities, financial plans and financing structures, including the issuance of bonds. In certain cases, the Board’s approval is required for some undertakings. The Board adopts a formal recommendation or approval, as appropriate, based on staff summaries and recommendations. The staff recommendations often include information and recommendations from outside financial advisors and legal counsel.

The Rule recognizes that municipal entities should be exempt from the definition of municipal advisors, but then attempts to separate a governing board of the entity from the entity itself. The Bank is very concerned with this approach and is unclear as to its rationale. The Board of the Bank is the Bank. The Board sets policies and ultimately makes the recommendations or gives the approvals that are statutorily required of it, but Board members perform their duties in reliance upon the recommendations and advice of the Bank’s employees and other expert advisors. Board members themselves are not, nor do they hold themselves out to be, professional financial advisors.

The Rule suggests that there is a need to regulate appointed, but not elected, members of a governing board, since the former category apparently does not have sufficient accountability. Appointed board members often must answer to the person making the appointment, but more importantly to the board, as a whole, on which they serve and which is invested with both legally imposed duties and obligations. This is certainly true for the members of the Board of the Bank, and the Bank sees no basis from distinguishing its appointed members from other boards whose members may be elected. In addition, Commonwealth laws, the Bank’s bylaws and good governance practices are in place to guide standards of conduct and address possible conflicts of interest. Also, members of the Board are subject to the Commonwealth’s ethical rules governing public officers and employees and can be removed by the Council of Secretaries for not complying with those rules or for violating any other laws or provisions of the Charter of the Bank.

The imposition of a registration requirement on Board members will have direct and significantly adverse consequences. Meeting multiple disclosure requirements and on-going

potential liabilities are just some of the burdens that could serve as a deterrent for appointed members. Registration requirements may discourage many capable, public minded individuals from voluntarily serving as members of the Board of the Bank. Willingness to serve the public should be encouraged, rather than hindered by the imposition of burdensome federal regulation. Citizen volunteers are taking time away from their families, jobs and businesses to serve without compensation, other than a per diem. Often members of the Bank's Board already serve, or are requested to serve, on many other civic and nonprofit boards. The additional burden that registration would impose may simply be too much for members to be willing to continue to serve the Bank.

Finally, even if the members of the Board were willing to register as a municipal advisor, the SEC has the right not to approve the filing. This would result in the SEC imposing its views on who would be appropriate to serve the Bank, rather than the Governor of Puerto Rico and the Council of Secretaries. We respectfully think that the SEC cannot be in a better position than locally elected officials to know who is more appropriate and qualified to serve on a local board.

For the above-stated reasons, the Bank strongly urges the SEC to reconsider the exclusion of appointed board members from the definition of "municipal advisor" and to exclude all members serving on a governing body, whether appointed, elected or an employee. Alternatively, we endorse the approach stated in the Hawkins Letter that more narrowly defines what giving advice means for purposes of the Rule. Thank you for the opportunity to comment on these matters.

Respectfully submitted,

(11/11/10)