



The University of Texas System
Nine Universities. Six Health Institutions. Unlimited Possibilities.

Office of the Chancellor

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February 7, 2011

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

Re: File Number 59-45-10

Dear Ms. Murphy:

In a Release dated October 20, 2010, the Securities and Exchange Commission (SEC) announced proposed new rules 15Ba1-1 through 15Ba1-7 (collectively, the Rule), which were published in the *Federal Register* on January 6, 2011. The Rule would be issued in response to the Dodd-Frank Wall Street Reform and Consumer Protection Act (Act), particularly the amendment of Section 15B of the Securities Exchange Act of 1934 requiring “municipal advisors” to register with the SEC and making it unlawful for an unregistered municipal advisor to perform municipal advisory activities.

The Rule sets forth a very broad definition of a “municipal advisor,” treating all appointed members of governing bodies of municipal entities as municipal advisors. I serve as Chancellor of The University of Texas System and have great concern over the scope of the proposed Rule, which could be interpreted to include members of our Board of Regents, as well as the regents of other Texas public university systems, within the definition of “municipal advisor.” We respectfully submit that the Rule should be narrowed to avoid that result. An explanation of this position is provided below.

The Rule makes an invalid distinction between elected members of governing bodies and appointed regents. The Act exempts employees of municipal entities from being classified as municipal advisors. The Rule includes elected members of governing bodies within the employee exemption, but excludes appointed members. In explanation of this distinction, the Release states:

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. (Page 41)

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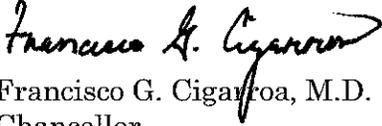
In the case of regents, the SEC's distinction, based upon accountability, is invalid and fails to recognize the unique status of regents in Texas. State law governing the appointment, confirmation, and removal from office of regents, establishes meaningful checks to assure that Texas regents are accountable for their performance to the citizens of the state.

- Each regent is appointed by the Governor (the highest elected official in Texas) and confirmed by two-thirds vote of the Texas Senate (comprised of 31 members elected by voters within separate electoral districts).
- While regents are appointed for six-year terms, state law provides for their removal from office by impeachment. (*Texas Government Code*, Chapter 665)
- Our university systems have an extremely high profile and receive more public scrutiny than virtually all other state agencies.

The Rule may make it more difficult to recruit qualified individuals to serve as Regents. As described above, our higher education systems are large, diverse, and complex enterprises, requiring the appointment of highly qualified and experienced individuals, who donate countless hours of uncompensated time each month as members of the governing bodies of these systems. While some individuals may not be intimidated by registering with the SEC as a municipal advisor, we fear that others would and, as a result, may shy away from this very important area of public service, to the great detriment of our university systems and the State.

For the reasons outlined above, we respectfully submit that the Rule should be narrowed to include regents, within the municipal employee exemption from municipal advisor status.

With great respect,


Francisco G. Cigarroa, M.D.
Chancellor

FGC/jbp