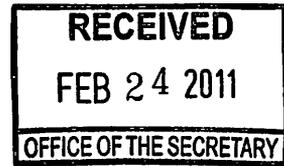


#706

Ohio Retirement Systems

February 16, 2011



Christopher M. DeRose
Executive Director
Public Employees Retirement
System of Ohio
277 East Town Street
Columbus, Ohio 43215
Telephone: (614) 222-0011

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

Michael J. Nehf
Executive Director
State Teachers Retirement System
of Ohio
275 East Broad Street
Columbus, Ohio 43215
Telephone: (614) 227-4001

Re: File Number S7-45-10
Release 34-63576

Lisa J. Morris
Executive Director
School Employees Retirement
System of Ohio
300 East Broad Street, Suite 100
Columbus, Ohio 43215
Telephone: (614) 222-5853

Dear Ms. Murphy:

The undersigned three Ohio public retirement systems (“Ohio systems”) represent over 667,000 current active members and over 371,000 retirees with combined assets in excess of \$145 billion. We are writing to the Commission to express our concern regarding the Commission’s interpretation under proposed Rule 15 Ba1 (of the Securities Exchange Act of 1934) of the inclusion of “appointed board members” in the definition of “municipal advisor.” The proposed rule requires municipal advisors (with certain limited exceptions) to register with the Commission thus subjecting them to regulation. The Commission’s interpretation would require our appointed board members to register with the Commission – something unanticipated by these volunteer members and not warranted under the Ohio systems’ structures.

The Commission’s rationale is that elected board members of a municipal entity, including public pension plans and funds, are accountable to the municipal entity for their actions whereas appointed members “are not directly accountable for their performance to the citizens of the municipal entity.” This is not accurate in terms of members sitting by appointment on public pension plans such as the Ohio systems.

The Ohio systems’ board members are held to the highest fiduciary standards under the Ohio Revised Code (“ORC”). More specifically, in the case of State Teachers Retirement System of Ohio (“State Teachers”), ORC Section 3307.04 states, “The general administration and management of the state teachers retirement system is hereby vested in the state teachers retirement board” and Section 3307.14 states, “The state teachers retirement board shall be the trustee of certain funds hereby created” Section 3307.15(A) states, “The members of the state teachers retirement board shall be the trustees of the funds created by Section 3307.14 of the Revised Code. The board shall have full power to invest the funds. The board and other fiduciaries shall discharge their duties with respect to the funds solely in the interest of the participants and beneficiaries; for the exclusive purpose of providing benefits to the participants and their beneficiaries...” Analogous ORC sections for Ohio

Public Employees Retirement System (“OPERS”) are Sections 145.04 and 145.11(A) and for School Employees Retirement System of Ohio (“SERS”) are Sections 3309.04 and 3309.15(A).

Thus all Ohio systems’ board members are held to the highest standards and all are equally accountable to their memberships without distinction between elected members and appointed members. All Ohio systems’ board members have equal fiduciary responsibilities and obligations to the members of their respective systems.

In addition, under ORC Section 109.98 the Ohio Attorney General has the statutory right and the obligation to sue any Ohio public retirement system board member who breaches his/her fiduciary duty to his/her system for any resulting harm. This right has been extended to include a breach of fiduciary responsibility by the board acting in its entirety. These statutory provisions ensure that Ohio systems’ retirement boards and their individual members remain fully accountable to “the citizens of the municipal entity.”

Another issue of concern is the “advice” aspect of the proposed rule; i.e., that the definition of “municipal advisor” would include certain (appointed) board members of public pension plans. We agree that third parties giving financial advice to our boards and staffs should be regulated. The Commission seems to be in agreement when it states on page 20 of the Release, “Specifically, the definition of ‘municipal advisor’ includes financial advisors, guaranteed investment contract brokers, third-party marketers, placement agents, solicitors, finders...” Typically this is how the Ohio systems’ boards acquire investment information; i.e., through advice from professional investment advisors. Each of the Ohio systems employs multiple financial experts/consultants and based on their advice the board members make investment decisions. To do otherwise would be ill advised not only because of the fiduciary obligations imposed on our boards but also because these members are responsible for the proper investing of the contributions made by the Ohio systems’ members and their employers in accordance with the prudent person fiduciary standard. As to State Teachers see ORC Section 3307.15(A) and for OPERS see ORC Section 145.11(A) and for SERS see ORC Section 3309.15(A). The Ohio systems’ board members act upon the financial advice given to them; they do not give financial advice.

Further, most records of the Ohio systems are open to inspection under Ohio’s public records statute, board meetings are conducted in accordance with the Ohio open meetings act and all board members are subject to Ohio’s ethics laws including the requirement to file annual financial disclosure statements. Ohio law also proscribes conflicts of interest and imposes trust principles in addition to the abovementioned fiduciary standards. Therefore board members are closely scrutinized and regulated by Ohio law and are bound to act in the best interests of their systems. Registration with the Commission would provide no standard of accountability and/or prudence beyond that which already exists.

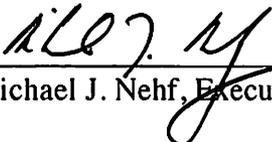
If Ohio systems’ board members are required to register with the Commission, it could have a chilling effect on board participation since this would not only be an unexpected requirement but also an unwarranted regulation. Our board

members serve on a voluntary and uncompensated basis. To subject some of them (i.e. the appointed members) to the proposed regulation and/or reporting would create a burdensome situation. In regards to appointed members only, State Teachers has three such members (four when including the statutorily mandated Ohio Superintendent of Public Instruction), OPERS has three (four when including the mandated statutory appointment of the Ohio Director of Administrative Services) and SERS also has three. These positions would be very difficult to fill if the proposed registration is required.

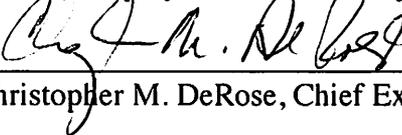
For the above reasons, the undersigned respectfully request that all board members of public retirement systems that fall under the definition of municipal entities, including appointed members, be excluded from the definition of "municipal advisor" in the final version of the rule. If you have any questions about the information provided herein, please contact us at your convenience.

Thank you for your time and consideration.

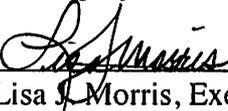
State Teachers Retirement System of Ohio

By: 
Michael J. Nehf, Executive Director

Ohio Public Employees Retirement System

By: 
Christopher M. DeRose, Chief Executive Officer

School Employees Retirement System of Ohio

By: 
Lisa J. Morris, Executive Director