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August 8, 2011

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

Re: Release No. 34-63576
File No. S7-45-10
Registration of Municipal Advisors

Ladies and Gentlemen:

This letter is intended to supplement the telephonic conversation between our office and staff members from the Securities and Exchange Commission (the "SEC") on July 27, 2011.

We hope our comments relating to proposed new rules 15Ba1-1 through 15Ba1-7 were helpful to the SEC. As explained, our principal concerns are, first, that Congress did not intend to regulate entities such as associations and/or their subsidiaries who are engaged in more passive forms of conduct and, second, that the proposed regulatory scheme applicable to persons soliciting municipal entities would be overly burdensome for entities such as associations and their subsidiaries which are not regularly engaged either in the business of selling financial products or in the day-to-day business of soliciting municipal entities with respect to financial products.

We recognize the SEC's concerns and understand the importance of distinguishing the conduct that we propose be exempted from the conduct of those persons who engage in the business of soliciting municipal entities on a regular basis. As we observed, we perceive a significant difference between those associations with for-profit subsidiaries that actively market and sell financial products to municipal entities, and associations (either directly or through subsidiaries) that engage in more passive endorsement activities. Entities that actively market and sell financial products as their primary business often provide express investment advice, interact with plan administrators and participants, and are involved in collecting and remitting funds. We are in agreement that these types of entities should register, as applicable, as municipal advisors, investment advisers and/or broker/dealers.

By contrast, more passive forms of conduct such as licensing intellectual property, including advertisements in association materials, and facilitating introductions without an endorsement as to suitability do not, in our opinion, present the same opportunity for abuse or need for regulation. Moreover, these endorsements generally are undertaken without regard to whether the target audience will be composed of municipal entities. Additionally, we suspect municipal entities often comprise only a small percentage of the membership of most associations. For

example, as we understand it, of the products one state hospital association endorses, it endorses only one financial product and its membership contains only two small municipal hospitals.

Likewise, we perceive a difference between a person whose principal business is comprised of soliciting municipal entities on behalf of financial advisers, and associations engaged in passive endorsement activities (either directly or through their subsidiaries). We suspect that many of the individuals engaged in the business of soliciting municipal entities with respect to financial products would be persons who are actively and regularly involved in the financial services industry. As a consequence, they would reasonably be expected to have a certain degree of financial acumen that could be relied upon by third parties. Logically, it would seem that the conduct of a large majority of these individuals would go beyond merely facilitating introductions and would venture into active sales activities and recommendations to plan participants as to quality and suitability of particular financial products. The concern that these individuals may play a more active role in the sales process is perhaps exacerbated by the fact that they are often compensated through sales commissions or other volume-based compensation structures, such as assets under management.

By contrast, we believe the reasonable expectation of an endorsement of a particular financial product or provider of a financial product by an association and/or its subsidiary would be something different altogether, because most associations and/or their subsidiaries would not reasonably be expected to have special expertise with respect to financial products. For example, consider your perception of the ABA's endorsement of Hertz. We would not expect that you would perceive the ABA's endorsement of Hertz as an indication of the quality or attributes of the cars they rent. Rather, we imagine you would see it for what it likely is: Hertz is perceived by the ABA as a company with a good reputation that may offer unique benefits to the ABA's membership. We expect that a municipal entity would likewise perceive a difference between a person regularly engaged in the business of soliciting municipal entities with respect to financial products and services and an association that endorses (either directly or through a subsidiary) a number of different vendors which might include a financial services provider and/or its products/services. For associations (and/or their subsidiaries) engaged in passive endorsement activities that are compensated on a pre-negotiated flat-fee basis, the potential for overreaching or active sales activities seems mitigated without regulation.

We continue to believe that more passive forms of conduct by associations (and/or their subsidiaries) in endorsing financial advisers and/or their financial products were not the types of conduct Congress intended to regulate, particularly when weighing the benefits of regulation versus the burdens imposed by such regulation. However, to the extent that the SEC may wish to regulate some of these activities, we believe that the proposed regulatory scheme imposes overly burdensome compliance obligations on such entities in light of their insignificant involvement in the solicitation of municipal entities.

Accordingly, we would request an exemption for associations and their subsidiaries that provide, on a flat-fee basis, endorsement services to financial advisers and/or their financial products, which services may include licensing association intellectual property, incorporating advertisements in association materials, and/or facilitating introductions. While we think

exemption is by far the more appropriate path, in the alternative, we would request, at a minimum, a two-tier regulatory scheme that subjects associations and their subsidiaries engaged in such passive endorsement activities to considerably less burdensome compliance obligations. This second-tier regulatory scheme, for example, might require registration on a Form MA that parallels Form MA-T, eliminating the requirement that employees of such associations and subsidiaries register separately, and relaxing considerably record keeping requirements.

We appreciate the continued opportunity to comment on proposed new rules 15Ba1-1 through 15Ba1-7. If we can be of additional assistance to the SEC in the future, please feel free to call upon us.

Very truly yours,

KRENDL KRENDL SACHNOFF & WAY,
Professional Corporation

Sherri D. Way, Vice President

SDW/bpc