



Government Finance Officers Association

1301 Pennsylvania Avenue, NW Suite 309

Washington, D.C. 20004

202.393.8020 fax: 202.393.0780

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Ms. Elizabeth M. Murphy,
Secretary, Securities and Exchange Commission
100 F Street, NW
Washington, D.C. 20549
via: rule-comments@sec.gov

RE: Release No. 34-64564; File No. SR-MSRB-2011-03

Thank you for the opportunity once again to comment on MSRB Rule G-23. The Government Finance Officers Association (GFOA) has served the public finance profession since 1906 and provides leadership to government finance professionals through research, education and the identification and promotion of best practices. Our more than 18,000 members are dedicated to the sound management of government financial resources.

We are very pleased with the Commission's recent decision to halt the practice of allowing a financial advisor to resign from a transaction and become the underwriter for that transaction; however we believe more can be done to ensure that issuers of municipal securities are protected from potentially harmful broker/dealer practices.

Under the new rule, an underwriter must disclose in writing to the issuer that it is serving in an underwriter role, but there may be instances where the underwriter provides the type of advice to an issuer that should instead be received from its financial advisor. Therefore, we request language in the section of the Rule that states "the underwriter must clearly identify itself, in writing, that it is acting as an underwriter and not as a financial advisor" to also say that the underwriter must state in writing that it does not have a fiduciary responsibility to the issuer.

We also are concerned with Section (d) of the Rule that would allow the underwriter on a bond transaction to also serve as the financial advisor to a corresponding swap transaction and/or investment of proceeds. Although the underwriter would have to register as a financial advisor in order to provide such advice, such activity could pose a conflict of interest that may benefit the party serving as an underwriter/financial advisor, rather than benefitting and providing the best options for the issuer. We hope that the MSRB and the SEC will be mindful of these possible conflicts and develop rules accordingly on issues such as conflicts of interest, financial advisors and fair dealing practices.

Thank you again for the opportunity to comment on these important issues.

Sincerely,

Susan Gaffney
Director, Federal Liaison Center