



Government Finance Officers Association

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September 16, 2011

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

RE: File Number SR-MSRB-2011-11

Dear Ms. Murphy:

The Government Finance Officers Association (GFOA) appreciates the opportunity to respond to changes to MSRB Rule A-3. The GFOA is a professional association representing over 17,000 state, provincial and local finance officers in the United States and Canada, and is dedicated to the sound management of government financial resources and actively promotes transparency in government finance.

The composition of the Municipal Securities Rulemaking Board is one of the key pieces of the *Dodd-Frank Wall Street Reform and Consumer Protection Act* that directly affects state and local governments. The changes that are proposed in this Rule are critical, in order to make certain that the MSRB appropriately exercises their authority over broker/dealers and municipal advisors.

As we responded to the request for comments on changes to MSRB Rule A-3 last Fall, we believe that it is imperative for the MSRB to ensure that there is adequate issuer representation on their Board in light of their new mission to protect municipal entities and obligated persons in addition to investors. We view the MSRB's mission to protect issuers to mean that the MSRB should develop adequate rules over broker/dealers and municipal advisors in order to protect state and local governments from poor industry business practices, and a more balanced Board is a key component to accomplish this goal.

We acknowledge that the Act states that the Board must be comprised of 'at least' one issuer and 'at least' one investor. Our position is that the MSRB should go beyond these standards in order to fulfill its mission to have a majority public member board (e.g., if the MSRB Board remains at 21 members, there should be 4 issuers, 4 investors, and 3 general public members). We also must reiterate that the issuer positions should be filled by qualified and long-standing representatives of various-sized state and local governments so that there is a balanced representation of the issuer community. These issuer representatives should generally come from general purpose governments that issue the most often used types of debt (e.g., general obligation bonds, revenue bonds, etc.). Additionally, having adequate independent financial advisors on the Board is essential and should be a number no less than those representing banks and broker/dealers. One of the fairest way to make certain that there is representation of independent financial advisors would be to only allow those financial advisors who are truly independent and unaffiliated with banks and broker/dealer firms to serve on the Board in that capacity.

We also are concerned that the litmus test for ensuring that the 11 public members are considered to be independent from regulated parties, is that they do not have a material business relationship with a regulated entity for the past two years. This two-year bar is set too low to guarantee that a public board member has true independence. We suggest that it be increased to at least 5 years. Other criteria may also be needed to ensure that any particular independent board position is filled by a professional that has significant experience in the particular community for which they serve on the Board.

Finally, we have previously commented to the MSRB that there is a need for greater transparency with their Board practices. This includes holding their meetings in public and allowing for outside participation, that their meeting agendas be made available well before their scheduled meetings, and that their meeting minutes be published within 10 business days of each meeting.

Thank you again for the opportunity to comment on this important matter.

Sincerely,

A handwritten signature in cursive script, reading "Susan Gaffney".

Susan Gaffney
Director, Federal Liaison Center