

September 22, 2008

Via Electronic Filing

Florence E. Harmon
Acting Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-1090

Re: Proposed Amendment to Municipal Securities Disclosure, Rel. No. 34-58255; File No. S7-21-08

Dear Ms. Harmon:

The Investment Adviser Association (“IAA”)¹ appreciates the opportunity to comment on the Commission’s proposed amendments relating to municipal securities disclosure.² As investment managers, our members invest in municipal securities on behalf of their retail, institutional, and mutual fund clients. Although the Commission has improved significantly the disclosure of information about municipal securities since the 1990s, we believe that the municipal securities market can benefit from greater transparency.

Accordingly, the IAA strongly supports the Commission’s proposal to provide for a single centralized repository that would electronically collect and make available information about outstanding municipal securities. Development of a centralized electronic repository of information about municipal securities would increase greatly the transparency of this market by ensuring a more complete collection of information as well as by making the information more readily and easily accessible to investors. We discuss our support for the various investor-related aspects of the proposal below.

¹ The IAA is a not-for-profit association that exclusively represents the interests of investment adviser firms registered with the SEC. Founded in 1937, the Association’s membership consists of more than 500 firms that collectively manage in excess of \$9 trillion in assets for a wide variety of institutional and individual clients, including pension plans, trusts, investment companies, endowments, foundations, and corporations. For more information, please visit our website: www.investmentadviser.org.

² *Proposed Amendment to Municipal Securities Disclosure*, Exchange Act Rel. No. 58255 (July 30, 2008), available at <http://www.sec.gov/rules/proposed/2008/34-58255.pdf>.

The Commission Should Adopt an Electronic System for Municipal Securities Disclosure

We strongly believe that the current disclosure system, which relies on paper-based filings, should be updated in light of today's use of, and advances in, technology. The Commission has encouraged (and even required in some instances) corporate issuers to provide information to investors through the Internet.³ Other market participants also are required to use electronic systems and the Internet to satisfy regulatory requirements. For example, even small investment advisers generally must file their registration form (Part 1 of Form ADV) electronically and not in paper form.⁴ With the proliferation of the use of the Internet and its low cost, issuers of municipal securities should be able to provide information in electronic form.

Centralizing the Collection of Information Would Reduce the Potential for Incomplete Set of Disclosure Documents

We support replacing the current system of issuers submitting disclosure documents to multiple nationally recognized municipal securities information repositories (NRMSIRs) and state information depositories (SIDs) with a system in which there would be only one repository. We agree with the Commission that a centralized location for the collection of information would eliminate the current problem of one repository not having a complete set of information because an issuer failed to provide certain information to every repository. This inadvertent oversight by the issuer can be quite problematic for investors because unless they subscribe to multiple NRMSIRs, the investors would not know that the disclosure documents were not complete or have any reason to suspect that anything was missing. In addition, as the Commission notes, the NRMSIRs may not receive the continuing disclosure documents concurrently. As a result, there could be uneven availability of documents from the various NRMSIRs for a certain period of time.

Requiring the submission of information to only one repository would simplify the process for issuers and reduce the potential that an issuer may mistakenly forget to submit information to a particular repository or that the issuer does not submit the information to all the NRMSIRs at the same time. We believe this system would result in more complete and accurate information being provided to investors.

³ See generally, *Commission Guidance on the Use of Company Web Sites*, Release Nos. 34-58288, IC-28351 (Aug. 1, 2008). In fact, the Commission has stated that we have "reached a point where the availability of information in electronic form . . . is the superior method of providing company information to most investors, as compared to other methods." *Id.*

⁴ The Commission does allow small investment advisers that: (a) manage assets of less than \$25 million, (b) have total assets of \$5 million or less, and (c) are not in a control relationship with another investment adviser that is not a small business to request a Continuing Hardship Exemption to file in paper form. The SEC, however, encourages even these advisers to hire a service bureau rather than request a Continuing Hardship Exemption. See *Question on Hardship Filings of the Frequently Asked Questions on Form ADV and IARD*, at <http://www.sec.gov/divisions/investment/iard/iardfaq.shtml#hard>.

Investors Should Be Able to Obtain Municipal Securities Disclosures Easily and Without Charge

The IAA strongly supports the ability of investors to gain access to disclosure documents free of charge through the MSRB's web-based system. Although investment advisers have been able to obtain disclosure information from the multiple repositories through a subscription service, allowing free access to the disclosure documents will provide investors a choice of whether to get the information directly from the MSRB's website or to pay a vendor for this and other types of disclosure information about municipal securities issuers. Moreover, we believe this new system would encourage current NRMSIRs to develop more value-added information, which could further assist investors in evaluating municipal securities.

The Commission's Proposal Will Benefit Investors

Overall, the Commission's proposal to centralize the collection of municipal securities information and to allow investors to gain free access to this information will be beneficial to investors. The availability of information and the ease with which investors may obtain that information are critical for investors to make informed investment decisions.

To this end, we fully support the proposed system in which documents will be accompanied by identifying information and MSRB is able to sort and categorize the documents efficiently and accurately. The proposed system will encourage investors to conduct research because they will have the ability to readily and easily retrieve the relevant information that they want without having to search through a voluminous amount of documents. Finally, with greater availability and access to information, investors will benefit because the prices of municipal securities will better reflect the information in the marketplace.

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The IAA strongly supports the Commission's efforts to bring greater efficiency and accuracy to the collection of disclosure information for municipal securities and better accessibility of that information to investors. We believe that the Commission is taking a significant step to increase transparency to an important market. We appreciate the opportunity to provide our views on these issues and would be pleased to provide any additional information. Please contact the undersigned at (202) 507-7200 or jennifer.choi@investmentadviser.org with any questions regarding these matters.

Respectfully submitted,

/s/ Jennifer S. Choi

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