

**DENISE L. NAPPIER**  
TREASURER

**State of Connecticut**  
Office of the Treasurer

February 22, 2011

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

Re: File Number S7-45-10 (Release No. 34-63576)

Dear Secretary Murphy:

As Treasurer of the State of Connecticut, I have responsibility for the State's issuance of debt obligations and management of its \$19 billion debt portfolio. In addition, I am the principal fiduciary of the State's \$25 billion Connecticut Retirement Plans and Trust Funds. I also serve ex officio on the boards of many of the State's quasi-public agencies which also issue debt. It is in this latter capacity that I submit this letter to express my views regarding the Commission's proposed rules to implement Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank"), to establish requirements for appointed board members of quasi-public and other governmental agencies to register as municipal advisors.

The Commission should not apply the municipal advisor requirements to any governmental or quasi-public agency board members, appointed or not. I do not believe it is sound public policy, nor do I believe it is required or supported by the actual language of Section 975.

The Commission's sweeping assertion in support of the registration requirement for appointed board members, that appointed board members do not otherwise have responsibilities to the municipal entity or quasi-public agencies on whose board they serve, is not a correct interpretation of state law, certainly in Connecticut, as all such board members, appointed or not, compensated or not, share common responsibilities for the decisions made. The Commission's incorrect interpretation will lead to an inconsistent set of rules for board members that will discourage our citizens from participating in state and local government, and interfere with the ability of the State to attract qualified board members. I have first-hand knowledge of the value of the experience and expertise that citizen volunteers bring to the boards on which I serve, and

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I salute their dedication and voluntary public service. In the case of Connecticut, these public volunteers serve on the boards for no compensation, and the loss of their service, which I fear will be the result of the Commission's proposed interpretation, would be incalculable.

The State's quasi-public issuers each have a governing board, and the Commission's proposed interpretation will separate board members into at least two groups subject to disparate regulation. While the exact makeup of each board varies, most of the members are elected officials, individuals appointed by the Governor or other governmental leaders, or individuals elected from particular constituencies. Under the Commission's proposed interpretation, as an elected official I would not be considered a municipal advisor, but an appointed member would be considered a municipal advisor and would be required to register. Thus, some members of the board would be subject to regulation under both the federal securities laws and state laws, while others would be subject only to state laws. Not only would this be confusing, I believe that there is a complete absence of any evidence that Congress intended, through the regulation of the professional municipal advisors under the securities laws, to create an overlapping system of partial federal regulation of the governance responsibilities of citizen volunteers serving on various public boards. The legal relationship between the State and its political subdivisions on the one hand, and those serving them as board members on the other hand, should be a matter of state and local law uniformly applied and not a matter for the federal securities laws.

The Commission's interpretation also confuses the professional vendors providing municipal advice with those who are the recipients of that advice, the board members. A citizen volunteer on a board is expected to participate in considering each matter coming before the board. Even where the matter involves the issuance of municipal securities or the investment of the proceeds, a board member's service does not constitute the rendering of advice in any common understanding of the term. Rather, board members are the *recipients* of the advice of professionals, and take such advice into account in their deliberations, in fulfillment of their fiduciary responsibilities. The Commission's proposal could lead legal counsel to boards to interpret the meaning of "advice" in such a way that a board member would believe that he or she must keep silent during deliberations or abstain from voting on a matter unless they have registered under the rules. This would not be a good result, especially where a board member has meaningful experience and knowledge in financial matters, and it is very likely that they were asked to serve on a board precisely because of such experience and expertise. The Commission should be fostering a deliberative environment for open and informed discussions, and this interpretation would have exactly the opposite effect.

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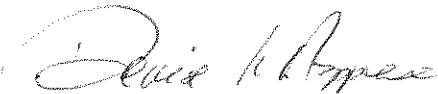
Last, we should recognize that registration with the Commission is no small burden, and this burden will discourage the participation of citizen volunteers to serve on boards.

For all of the reasons set out above, I am concerned that the Commission's proposals will have a chilling effect on the willingness of our citizenry to contribute their service to state and local boards. I think it is important to encourage such participation, and so I would encourage the Commission to step back from its position.

I know that the Commission's proposal, particularly as it affects appointed board members, will be the subject of much comment by industry groups and others. Even so, I do not believe the scope of the Commission's proposal has been fully appreciated by all those it may affect, particularly at the local level. The Commission should consider re-proposing these rules in light of the comments it receives.

My views on this have been endorsed by the State quasi-public entities with bonding authority who have co-signed this letter.

Sincerely,



Denise L. Nappier  
State Treasurer

Capital City Economic Development Authority

By:   
James Abromaitis, Executive Director

Connecticut Development Authority

By:   
Marie O'Brien, President

Connecticut Health and Educational Facilities Authority

By:   
Jeffrey Asher, Executive Director

Connecticut Higher Education Supplemental Loan Authority

By:   
Judith Greiman, Executive Director

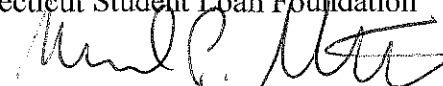
Connecticut Housing Finance Agency

By:   
Susan Whetstone, Interim President—Executive Director

Connecticut Resources Recovery Authority

By:   
Thomas Kirk, President

Connecticut Student Loan Foundation

By:   
Michael Meotti, Chairman of the Board