



Government Finance Officers Association

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August 1, 2011

Ms. Marcia E. Esquith
Office of the Corporate Secretary
Financial Industry Regulatory Authority
1735 K Street, NW
Washington, D.C. 20006-1506
c/o pubcom@finra.org

RE: GASB Accounting Support Fee, Notice 11-28

Dear FINRA Board Members:

On behalf of the Government Finance Officers Association of the United States and Canada (GFOA), I appreciate the opportunity to comment on FINRA Notice 11-28. The GFOA is the professional association of state and local finance officers and has served the public finance profession since 1906. The GFOA provides leadership to government finance professionals through research, education and the identification and promotion of best practices. Our 17,500 members are dedicated to the sound management of government financial resources.

Our members are instrumental in ensuring that governmental accounting standards are implemented. They also strive to ensure that the needs of the general public, and the elected officials who represent them and act on their behalf, are considered throughout the process used to develop new accounting standards. It is important to bear in mind that the states alone possess the legal right to set accounting standards for themselves and their local governments, and that they *delegated* the accounting standard-setting function to the Governmental Accounting Standards Board (GASB) by means of an agreement reached by the GFOA and other national state and local government organizations that led to the board's establishment.

We are concerned about FINRA's proposal to amend its by-laws to establish a fee on its members¹ to provide adequate funding for the GASB's budget for two reasons: 1) the proposal lacks the clarity needed to ensure that the fee will not be passed along to municipal securities issuers, and 2) the proposal was made without first consulting state and local governments, as required by law.

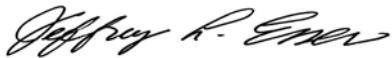
The FINRA by-laws, the Notice and any subsequent Regulatory Notices need to state clearly that any GASB fee will be assessed solely on FINRA members, who may pass it on only to their *customers*, defined as *investors* in municipal securities, but not *issuers* of those securities. Furthermore, the by-laws need to expressly indicate that FINRA members may *not* develop new fees or charges to their issuer clients that would in any way constitute a reimbursement to the firms for the GASB fee expenditure.

¹ Proposed amendment, Schedule A of the By-laws of the Corporation, Section 14 – Accounting Support Fee for Governmental Accounting Standards Board, (b)

Of even greater concern to us is the fact that FINRA did not consult with any state and local government associations before submitting a notice for public comment regarding the rules and procedures for establishing the GASB fee. Section 978 of the Dodd Frank Wall Street Reform and Consumer Protection Act (P.L. 111-203)² expressly requires prior consultation with the “principal organizations representing State governors, legislators, local elected officials, and State and local finance officers.” Therefore, we urge FINRA to desist from any further action on this Notice until such consultation can take place, fully and freely, as required by law.

I look forward to hearing from you at your earliest convenience to discuss the appropriate process to be followed for ensuring full consultation with the state and local government community.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey L. Esser". The signature is fluid and cursive, with the first name "Jeffrey" being more prominent.

Jeffrey L. Esser

² Section 978 of the Dodd Frank Wall Street Reform and Consumer Protection Act (P.L. 111-203), amends Section 19 of the Securities Act of 1933, Section 912(g)(1)(B).