



National Association of State Auditors, Comptrollers and Treasurers

August 1, 2011

EXECUTIVE COMMITTEE OFFICERS

President

NANCY K. KOPP
State Treasurer
Maryland

First Vice President

RONALD L. JONES
Chief Examiner
Office of Examiner of Public
Accounts, Alabama

Second Vice President

MARTIN J. BENISON
Comptroller
Massachusetts

Secretary

JAMES B. LEWIS
State Treasurer
New Mexico

Treasurer

WILLIAM G. HOLLAND
Auditor General
Illinois

EXECUTIVE DIRECTOR

R. KINNEY POYNTER
Lexington, Kentucky

CONTACT INFORMATION

Headquarters Office
449 Lewis Hargett Circle
Suite 290
Lexington, KY 40503-3590
(859) 276-1147
Fax (859) 278-0507

Washington Office
444 N. Capitol Street, NW
Suite 234
Washington, DC 20001
(202) 624-5451
Fax (202) 624-5473

www.nasact.org

Marcia E. Asquith
Office of the Corporate Secretary
FINRA
1735 K Street, NW
Washington, DC 20006-1506

Dear Ms. Asquith:

On behalf of the National Association of State Auditors, Comptrollers and Treasurers, we appreciate the opportunity to respond to the Financial Industry Regulatory Authority's proposed amendments to Section 14 under Schedule A of FINRA's bylaws. These proposed amendments, issued in June 2011, are intended to meet the requirements of an order issued by the U.S. Securities and Exchange Commission to establish a reasonable annual accounting support fee to adequately fund the annual budget of the Governmental Accounting Standards Board pursuant to Section 19(g) of the Securities Act of 1933.

We have long supported the existence of GASB as an independent standard-setting body for state and local governments. We recognize that if GASB is to continue to operate successfully, it must have a stable and sustainable funding mechanism. Yet we realize that no matter how GASB is funded, not everyone will be pleased.

FINRA is proposing that the GASB support fee would be allocated among its members based on municipal securities transactions reported to the Municipal Securities Rulemaking Board. Overall, we support FINRA's proposal. Allocating the support fee among FINRA member firms based on municipal securities transactions appears to be a reasonable way to provide GASB with a steady source of independent funding. The methodology seems fair and equitable.

However, we recommend that FINRA clarify the term "customer" on page 3, paragraph 2. This paragraph states, "Because some firms may seek to pass the GASB Accounting Support Fee on to **customers** engaged in municipal securities transactions..." (emphasis added). We understand from FINRA staff that "customers" in this context are the purchasers of the municipal securities and not the issuers. We concur with this interpretation, and it is consistent with Section 978 of the Dodd-Frank Act. This clarification should be very clear in the final guidance that FINRA sends to its members.

We appreciate the opportunity to provide our comments. Should you have any questions or need additional information regarding our response, please contact R. Kinney Poynter at (859) 276-1147 or me at (410) 260-7160.

Sincerely,

Nancy K. Kopp
NASACT President
State Treasurer of Maryland