



DENISE L. NAPIER
TREASURER

State of Connecticut
Office of the Treasurer

HOWARD G. RIFKIN
DEPUTY TREASURER

January 27, 2010

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

Re: File Number SR-MSRB-2009-10

Dear Secretary Murphy:

I am pleased to have this opportunity to provide feedback to the Commission on the revised proposals by the Municipal Securities Rulemaking Board to expand on its evolving EMMA system and thereby preserve and strengthen the mechanisms of a free and open market in municipal securities.

As Treasurer of the State of Connecticut, my office has responsibility for the State's issuance of debt obligations and management of its \$18 billion debt portfolio, including ongoing compliance with the State's continuing disclosure obligations under said agreements entered into pursuant to Rule 15c2-12. The establishment of the EMMA system has significantly improved the availability of information about issuers and their bond obligations to the general public, and I support its expansion as contemplated by these amendments.

Let me also take this opportunity to reiterate my opposition to SEC's plan that calls for voluntary filing of annual reports within 120/150 days following the end of a fiscal year. Under the proposed modification, not only does this voluntary undertaking essentially remain intact, but it also fails to address the impracticality of meeting the disclosure time frame, as I stated along with numerous other muni issuers during the initial comment period. Specifically, we believe the voluntary filing schedule—both as originally proposed and under the modified transition option—is untenable for the following reasons:

- **Poses an onerous burden on large and complex muni issuers.** For example, the State of Connecticut produces audited financial statements on both a statutory basis and a modified GAAP basis covering its extensive activities, which encompass 87 bodies organized into ten functional headings. These financial statements are prepared by the Comptroller and audited by the State Auditors, and these agencies are not currently staffed to produce them in the time frame you would require with these changes. The State's goal is to make such financial statements available within six months of its fiscal year-end, but it has not been practical in recent years to even meet this goal. I do not believe the State could meet a deadline of 120 days, or even 150 days, and I do not believe that meeting the required time frame would create a benefit to justify the additional resources required. This is particularly true given other more pressing priorities of the State during these difficult economic times.
- **Creates a two-tier perception in the bond markets.** There are undoubtedly municipal issuers whose finances are not as complex as the State of Connecticut's, and they may have no difficulty meeting the voluntary deadlines. This could potentially create the situation where issuers, such as the State of Connecticut, may be judged by some investors on their ability to produce financial statements within a proscribed time frame. Failing to meet an arbitrary 120-day schedule could carry an unjustified negative perception.

Should SEC insist on moving forward with this voluntary undertaking, it should at the very least properly disclose to the investment community that such a perception is without merit. This disclosure would be consistent with MSRB's position as reported in its Notice 2009-63 (December 21, 2009) wherein it states that this undertaking "does not necessarily reflect problems with the issuer's or obligated person's credit or the quality of disclosures that they make."

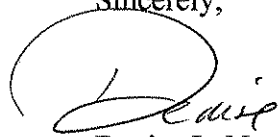
- **Sets the stage for mandating over time the proposed schedule for filings.** On the one hand, the release states that the Commission staff strongly believes that the 120-day time frame is appropriate given its voluntary nature. On the other hand, the release says that the staff believes the 150-day transition option should be available only on a temporary basis to provide a pathway toward achieving the 120-day time frame. This suggests that the Commission staff could be intent on forcing issuers to meet a 120-day time frame. The impact of such a mandate could compromise the quality, accuracy, consistency, and reliability of the information disclosed in the annual reports.

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Finally on a related proposed ruling regarding GAAP accounting, I would strongly urge some consideration for issuers, such as the State of Connecticut, that currently prepare their GAAP financial statements on a “modified GAAP basis” in accordance with their respective laws and regulations. While Connecticut is moving toward full GAAP compliance, the transitional issues are complex and, as a result, the Legislature has established and adjusted the schedule for the transition. Yet, the proposal to allow GAAP to be defined for the purpose of the EMMA’s disclosure services by FASB or GASB does not reflect the fact that the State has not yet prescribed compliance with either. As a result, I would oppose this change as well. One possible solution may be to provide a text field that would allow the State to establish that it followed “modified GAAP” would properly address this matter.

Thank you for allowing me to provide feedback on the proposed modifications. Please feel free to contact me if I can be of any further assistance.

Sincerely,

A handwritten signature in cursive script, appearing to read "Denise", enclosed within a large, loopy oval flourish.

Denise L. Nappier
Treasurer