



NASAA

NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION, INC.

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May 3, 2010

The Honorable Patty Murray
United States Senate
173 Russell Senate Office Building
Washington, DC 20510

RE: Support for the Murray Amendment #3754 to S. 3217, the Restoring American Financial Stability Act of 2010

Dear Senator Murray:

On behalf of NASAA¹, I want to express our support for your proposed amendment to include a state securities administrator on the Financial Stability Oversight Council included in Section 111 of the Restoring American Financial Stability Act of 2010. This would mirror the provision included in the House bill, the Wall Street Reform and Investor Protection Act of 2009.

We agree that the responsibility of identifying and managing systemic risk should not be assigned to a single agency but, instead, should be the responsibility of a council comprised of state and federal regulators. Like you, we believe this approach provides for the assurance of success in evaluating and controlling systemic risk in the marketplace. By formalizing regulatory cooperation and communication among state and federal regulators, the oversight of our intertwined financial markets will be infinitely more effective.

While the bill proposes this essential Financial Stability Oversight Council, representatives of state securities administrators, state insurance commissioners, and state banking supervisors have not been included as members of the Council. A state securities regulator would bring to the Oversight Council the insights of a team of “first responders” who see trends developing at the state level, which have the potential to impact the larger financial system.

Because we are closest to the investing public, state securities regulators are often first to identify new investment frauds and to bring enforcement actions to halt and remedy a wide variety of market wide investment related violations. The \$61 billion returned to investors to help resolve the demise of the Auction Rate Securities (ARS) market is the most recent example of the states being the first to uncover and later work with their federal counterparts to develop a collaborative approach to a national problem.

¹ The oldest international organization devoted to investor protection, the North American Securities Administrators Association, Inc., was organized in 1919. Its membership consists of the securities administrators in the 50 states, the District of Columbia, the U.S. Virgin Islands, Canada, Mexico and Puerto Rico. NASAA is the voice of securities agencies responsible for grass-roots investor protection and efficient capital formation.

In conclusion, I believe a Financial Stability Oversight Council must have representation from all three major sectors of state financial regulation, including a state securities administrator, to create an entity with access to relevant information regarding the accumulation of risk in our financial system. NASAA supports the Murray amendment to S. 3217 and looks forward to continuing to work with you as the bill moves through the legislative process.

Sincerely,

A handwritten signature in cursive script that reads "Denise Voigt Crawford".

Denise Voigt Crawford
Texas Securities Commissioner and
NASAA President

cc: U.S. Senate