

December 16, 2009

Honorable Christopher Dodd
Chairman
Senate Committee on Banking,
Housing, and Urban Affairs
SD-53 4 Dirksen Senate House Office Building
Washington, DC 20510-6075

Honorable Richard Shelby
Ranking Member
Senate Committee on Banking,
Housing, and Urban Affairs
SD-534 Dirksen Senate Office Building
Washington, DC 20510-6075

Dear Chairman Dodd and Ranking Member Shelby:

We are writing to applaud the Senate Banking committee for its important work to introduce reforms to financial regulation and restore trust and security in US capital markets. These issues are vital for investors, consumers and the working public whose savings depend in large part upon effective regulation. In addition to our continued support for the corporate governance provisions in your Financial Reform legislation, we are writing to communicate our strong support for the Securities and Exchange Commission ("SEC") being provided with secure, independent, and sufficient long term funding and resources to allow the agency to fulfill its vital role in enforcement.

We regard effective regulatory enforcement as a critical component of market stability. Collectively our pension funds are responsible for assets in excess of \$1 trillion which we invest on behalf of 6.8 million active and retired employees. Annually we disburse more than \$47 billion to retirees and their families. Rules to ensure transparency and accountability are important, but they are of little benefit without rigorous enforcement.

The importance of ensuring both the adequacy and stability of independent funding for the SEC cannot be overstated. Without resources commensurate to its task, the SEC will simply be unable to fully achieve its legislative purpose, which is to protect investors by strengthening regulation and enforcement in the wake of the financial crisis.

We note from the SEC's draft strategic plan that stop gap funding has been needed each year, at times for months, meaning that long term planning gets put on hold. These delays have affected the SEC's operations for one quarter of the time over the past ten years. Furthermore, despite recent increases, as of 2009, the SEC is operating below the levels of staff and new technology investment it had at the beginning of the decade. To exacerbate the situation, the SEC has faced a dramatic increase in its workload. For example, in just one area of responsibility, oversight of registered investment advisers, the number of firms to be regulated has grown by 47%.

A practical solution would be to allow the SEC to retain in full the fees it collects from the registrations and transactions it oversees. This would provide the SEC with additional budget dollars to allow long term planning, which is vitally important when the financial industry, over which it has regulatory oversight to protect investors, is continually creating new investment vehicles. Financing the main regulator of the world's largest capital market via an annual ad hoc appropriation is woefully inadequate and perhaps an important lesson learned from the market situation in 2008. We fully support reform on this point, with the inclusion of an appropriate mechanism for adequate oversight and accountability.

Honorable Christopher Dodd
Honorable Richard Shelby
December 16, 2009
Page 2

Thank you for considering our position. We look forward to hearing the results of your deliberations on this vitally important issue.

Sincerely,



Thomas P. DiNapoli
New York State Comptroller
New York State Common Retirement Fund



Denise L. Nappier
Connecticut State Treasurer
Connecticut Retirement Plans and Trust Funds



Janet Cowell
North Carolina State Treasurer
State of North Carolina



Theresa Whitmarsh
Executive Director
Washington State Investment Board



Gail L. Hanson
Deputy Executive Director
State of Wisconsin Investment Board



Ben Westlund
Oregon State Treasurer
Oregon Public Employees Retirement Fund



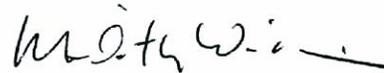
Anne Stausboll
Chief Executive Officer
California Public Employees' Retirement System



Jack Ehnes
Chief Executive Officer
California State Teachers' Retirement System



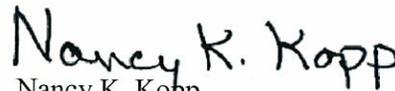
Chris De Rose
Chief Executive Officer
Ohio Public Employees' Retirement System



Meredith Williams
Executive Director
Colorado Public Employees' Retirement Assoc.



Sally Choi
General Manager
Los Angeles City Employees' Retirement



Nancy K. Kopp
Maryland State Treasurer
Maryland State Treasurer's Office



Ash Williams
Executive Director & CIO
Florida State Board of Administration



Judith A. Parker
Interim Executive Director
State Universities Retirement System of Illinois