



Colorado Public Employees' Retirement Association
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September 5, 2008

Ms. Nancy M. Morris
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 205549-1090

**RE: Proposed Rule for Nationally Recognized Statistical Rating Organizations
File Number S7-17-08**

Dear Ms. Morris,

Thank you for the opportunity to respond to the proposed regulations regarding the Nationally Recognized Statistical Rating Organizations (NRSROs). I am writing on behalf of the Colorado Public Employees' Retirement Association (Colorado PERA), which provides retirement and other benefits to 415,000 current and former employees of over 400 government and public entities in the state of Colorado. PERA is the 25th largest public pension plan in the U.S. with assets of \$38 billion.

For the reasons that we strongly supported the Proposed Rule for NRSRO file Number S7-13-08, we do not support the Commissions' proposals to reduce undue reliance on credit ratings by NRSROs. We believe the reforms contained in this previous proposal address many of the fixes with more appropriate actions than removing references to NRSROs or replacing them in the market.

The market needs independent, objective assessments of a company's ability to pay. The credit rating is the critical component of the amalgamation used to evaluate our level of interest in investing in a company. More critically it is the measure used to control third party managers in their exercise of investment decisions. The credit rating is the minimum threshold and fundamental parameter in all Fixed Income investment management agreements. Removing our reliance on the NRSRO credit rating could require a complete overhaul of our investment management contracts.

It appears that the Commission is creating a system that allows the NRSROs to be gate keepers with regulatory authority while the Commission adopts policies that prevent the investors from relying on the expertise inherent in the gatekeeper roll. This is a System where the gatekeeper is at risk of becoming a tool of the issuers and the investor will be left without a meaningful recourse.

We are fiduciaries to 415,000 individuals relying on us for their retirement security. This is not a role we take lightly. It is imperative to have transparency in the market in order to know the real financial condition of a company as well as the financial condition of instruments. Deterioration of accountability and reliability of the NRSRO is detrimental to our ability to carry out our role. We urge that the accountability of NRSROs be strengthened and the tools available to investors not be permitted to deteriorate.

Most sincerely,

Gregory W. Smith
Gregory W. Smith
General Counsel
by Brenda Meid

GWS/dma