

**UNITED STATES OF AMERICA
BEFORE THE
SECURITIES AND EXCHANGE COMMISSION**

**Securities Act of 1933
Release No. 9206/May 11, 2011**

**Securities Exchange Act of 1934
Release No. 64462/May 11, 2011**

**ORDER DIRECTING FUNDING FOR THE GOVERNMENTAL ACCOUNTING
STANDARDS BOARD**

President Obama signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”) on July 21, 2010.¹ The Dodd-Frank Act, among other things, added Section 19(g) to the Securities Act of 1933 (“Securities Act”) to create a mechanism for funding the Governmental Accounting Standards Board (“GASB”).²

Section 19(g) of the Securities Act provides that the Commission may, subject to the limitations imposed by Section 15B of the Securities Exchange Act of 1934 (“Exchange Act”),³ require a national securities association registered under the Exchange Act to establish a reasonable annual accounting support fee to adequately fund the annual budget of the GASB, and to establish rules and procedures, in consultation with the principal organizations representing State governors, legislators, local elected officials, and State and local finance officers, to provide for the equitable allocation, assessment, and collection of the accounting

¹ See Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203, 124 Stat. 1376 (2010).

² See Section 978 of the Dodd-Frank Act.

³ See 15 U.S.C. 78o-4.

support fee from the members of the association, and the remittance of all such accounting support fees to the Financial Accounting Foundation.⁴

For purposes of this order and as provided in Securities Act Section 19(g), the annual budget of the GASB is the annual budget reviewed and approved according to the internal procedures of the Financial Accounting Foundation.⁵ Any fees or funds collected shall be used to support the efforts of the GASB to establish standards of financial accounting and reporting recognized as generally accepted accounting principles applicable to State and local governments of the United States.⁶ The annual accounting support fees collected for a fiscal year shall not exceed the recoverable annual budgeted expenses of the GASB (which may include operating expenses, capital, and accrued items).⁷

Accounting support fees collected and other receipts of the GASB shall not be considered public monies of the United States.⁸ Nothing in this order shall be construed to provide the Commission or any national securities association direct or indirect oversight of the budget or technical agenda of the GASB, or affect the setting of generally accepted accounting principles by the GASB.⁹ In addition, nothing in this order shall be construed to impair or limit the

⁴ See 15 U.S.C. 77s(g)(1).

⁵ See 15 U.S.C. 77s(g)(2).

⁶ See 15 U.S.C. 77s(g)(3).

⁷ See 15 U.S.C. 77s(g)(4).

⁸ See 15 U.S.C. 77s(g)(5)(A).

⁹ See 15 U.S.C. 77s(g)(5)(B).

authority of a State or local government to establish accounting and financial reporting standards.¹⁰

To provide for an independent and more reliable funding mechanism for the GASB, the Commission has determined that the Financial Industry Regulatory Authority, Inc. (“FINRA”) shall establish such a reasonable accounting support fee and related rules and procedures to provide funding for the GASB. Accordingly,

IT IS ORDERED, pursuant to Section 19(g) of the Securities Act, that FINRA establish (a) a reasonable annual accounting support fee to adequately fund the annual budget of the GASB; and (b) rules and procedures, in consultation with the principal organizations representing State governors, legislators, local elected officials, and State and local finance officers, to provide for the equitable allocation, assessment, and collection of the accounting support fee from its members, and the remittance of all such accounting support fees to the Financial Accounting Foundation.

By the Commission.

Elizabeth M. Murphy
Secretary

¹⁰ See 15 U.S.C. 77s(g)(5)(C).