



April 30, 2010

Honorable Herb Kohl
U.S. Senator
330 Hart Senate Office Bldg.
Washington, DC 20510

Dear Senator Kohl:

On behalf of the State of Wisconsin Investment Board, I am writing to address another issue presented by the Restoring American Financial Stability Act of 2010. We are grateful for all of the consideration you have provided to our views on a number of issues in the bill thus far.

It is our understanding that language originating with the Agriculture Committee will be included in the bill, and it would make swaps dealers fiduciaries to pension plans and others when entering a swap transaction. While well intentioned, this provision would effectively eliminate the ability of pension plans to engage in such transactions because a dealer cannot be a fiduciary to the pension plan and negotiate on its own behalf. The nature of a swap transaction is such that two parties willingly enter into a contract where each thinks it will be advantaged. It is a transaction where each side negotiates terms and makes judgments based on its own best interest, knowing the other side has different views and different interests. That is a totally different situation than where a pension plan may turn to a swap dealer for advice.

Apparently this provision was an attempt to provide protection to some parties, including pension plans and local governments, where there is a history of entering into ill-advised swap transactions. There are other tools to prevent the unsophisticated from entering ill-advised transactions. We do not believe it is advisable to effectively shut a broad class of parties out of a market that provides valuable means for managing risks.

Our suggestion would be to eliminate the provision from consideration. An alternative would be to provide the appropriate regulatory body with the authority to distinguish classes of transactions and parties in a manner that best protects different classes of investors and supports a viable market. We understand that there may be such proposals made in connection with the Senate debate, and we ask that you favorably consider such an approach.

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Thank you again for your consideration of this issue.

Very truly yours,



Keith Bozarth
Executive Director