



Rabobank

February 22, 2011

Ms. Elizabeth M. Murphy
Secretary Securities and Exchange Commission
100 F Street, NE Washington, DC 20549-1090

Office Address 915 Highland Pointe Drive, Suite 350
Roseville, CA 95678
Telephone (916) 797-8282

RE: SEC Proposed Rule 34-63576

Dear Ms. Murphy:

Rabobank, N.A. (RNA) is submitting this comment on the notice of proposed rulemaking issued by the Securities and Exchange Commission (Commission) to establish a permanent registration system for municipal advisors under Section 975 of the Dodd-Frank.

RNA is a large community bank with 120 branches located throughout the central valley and coastal region of California. Our presence is in rural and medium sized communities. We do not have retail operations in large metropolitan areas such as Los Angeles or San Francisco. As part of our commitment to the communities in which we operate, we provide a variety of products and services to state and local governmental bodies. Among them, we offer deposit and cash management accounts, letters of credit, interest rate swaps, and loans.

While Section 975 of the Dodd-Frank appears to have been originally intended to apply narrowly to ‘financial advisory firms’ that specialize in providing *advice* to municipalities, the broadening by the Commission of the definition of “investment strategies” to encompass any funds “held” by a municipal entity may open up other business lines, including commercial banking, to expanded regulation. We believe Section 975 was not intended and should not be applied to other entities in the financial services market that may provide services (not advice) to municipalities and who are subject to regulation and oversight by other Federal functional regulators.

As a nationally chartered bank, RNA has a strong relationship with the Office of the Comptroller of the Currency (OCC). Supervisory activities of the OCC are designed to ensure RNA is operating in a safe and sound manner in the issuance and delivery of all products and services. Subjecting community banks to Section 975 would require dual registration with the Commission and the Municipal Securities Rulemaking Board, which would have supervisory authority in addition to that of their prudential regulator. The added compliance burden created by a new layer of regulation on bank products and services would not serve a meaningful public purpose. Furthermore, the burden created by registration of municipal advisors and management of yet another regulatory relationship may be cost prohibitive, forcing many community banks out of the municipal services market. Reduced competition for municipal business could lead to higher costs and less advantageous terms. It could also result in local dollars being invested outside of the community in those markets that are not otherwise served by financial advisory firms.

We are asking the Commission to state clearly that neither Section 975 nor its implementing regulation reach traditional bank products and services. In support of this we offer the following for consideration:

Public Finance

The proposed language seems to suggest that a bank taking an active role in the structuring of letters of credit, for example, would be acting as a Municipal Advisory. The alternative to that, however, would suggest that a bank should simply accept the terms offered by the municipality. We believe greater care needs to be taken in understanding the role of a bank in supporting public finance needs. While many terms of a product or service may be negotiable, ultimately the product or service must adhere to a bank's internal guidelines, and the municipality must accept a structure consistent with safe and sound banking practices. The inability to negotiate a structure to meet a bank's criteria will significantly reduce the ability to provide beneficial products and services to the municipal market.

Government Banking

The proposed language does not clearly define the term "advice." The definition should clearly exclude the offering of an existing product or service to a municipality. A bank must be able to discuss the merits of their products (i.e. interest rates, features, etc.) without it being deemed advice. Community banks do not sell advice; whereas a municipal advisor provides advice on a fee for service basis. If banks are not allowed to quote rates and explain other conditions of their products in commonly understood terms, their ability to meet the needs of government clients would be substantially reduced.

Derivatives

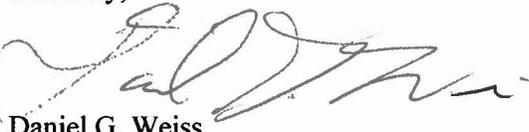
Banks that offer derivative products at the request of a municipality do not provide advice, and it should be clarified that advisors to municipalities, as opposed to the bank itself, are the parties with fiduciary responsibility to the municipality. RNA clearly communicates its intent to offer a product. The decision whether or not to enter into a contract is made independently and in consultation with the municipality's [paid] advisors.

The role of RNA is not that of a municipal advisor. RNA offers products to municipalities and describes the merits of such products as a matter of course. We do not offer advice to municipalities nor do we provide instructions of how to manage their decision-making processes. In many cases, the communications made through our Public Finance division are with a third party municipal advisor whose role is to serve the interests of the municipality. In such cases, RNA negotiates the terms of a product with the municipal advisor.

RNA is proud of its record and ability to provide an array of products and services for the benefit of the communities it serves. In smaller communities, local bankers may be the only source of much-needed financial expertise for city or county officials. Restricting community banks' ability to engage municipalities in information gathering discussions so that they can make sound banking decisions would harm the municipality, the banks, and the communities they serve.

Please contact the undersigned if you would like additional information.

Sincerely,



Daniel G. Weiss
EVP/Deputy General Counsel