



February 18, 2011

Elizabeth M. Murphy  
Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549  
RIN 3235-AK86

Dear Ms. Murphy,

The Conference of State Bank Supervisors (CSBS) appreciates the opportunity to comment on the Securities and Exchange Commission's (SEC) Proposed Rule: Registration of Municipal Advisors (Proposed Rule or proposal). We are concerned by the broad language in the proposal regarding what characterizes a municipal advisor. In particular, the proposal does not define "advice" in the context of providing advice to municipalities, which is the primary factor in determining whether an individual is a municipal advisor. This leaves a substantial window for interpretation and may lead to the registration of many bank employees as municipal advisors. Furthermore, we are troubled that the proposal, coupled with the enforcement authority of this rule as mandated by the Dodd-Frank Wall Street Reform and Consumer Protection Act (DFA), will grant the SEC the unnecessary capacity to examine depository institutions if municipal advisory activities are conducted in such institutions. We therefore urge the SEC to narrow the application of this rule.

The SEC's proposal on the registration of municipal advisors would require registration if advice is given about "funds held by or on behalf of a municipal entity." Neither the statute nor the proposal defines "advice." Consequently, we are concerned that bank employees in contact with municipalities might be required to register as municipal advisors even if they are merely elaborating on traditional bank products such as bank deposits and cash management tools. For example, an action as simple as informing a municipality that an MMDA offers better interest than a checking account might constitute "advice" under the regulations. Bank employees are already subject to regulatory oversight and should not have to register as a municipal advisor as well. CSBS believes this proposal is far too broad in its classification of municipal advisors. The SEC should revise its proposal on the registration of municipal advisors to be sure of a narrower scope for municipal advisory registration.

DFA gives enforcement authority over municipal advisors to the SEC or to the Financial Industry Regulatory Authority (FINRA). Thus, if municipal advisory activities are conducted at banks, the SEC or FINRA could examine a bank directly. Such authority would likely disrupt current bank regulatory structures.

In addition to registering with the SEC, DFA mandates that all individuals deemed municipal advisors need to be registered with the Municipal Securities Rulemaking Board (MSRB) as well.

**CONFERENCE OF STATE BANK SUPERVISORS**

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The MSRB will write rules of conduct, education requirements and fiduciary standards for municipal advisors.

If the SEC is not inclined to revise the Proposed Rule in the manner described above, we would support the exemptions about which the SEC inquires in the Proposed Rule, which includes exemptions for: banks exempt under the Advisers Act; bank deposit accounts; banks responding to requests for proposals from municipalities for investment products offered by banks such as MMFs or exempt securities; banks that provide a list of options available from the bank for short-term investments and negotiate the terms of an investment; and banks providing the terms to a municipal entity upon which it would buy the entity's securities for the bank's own account.

Thank you for the opportunity to comment.

A handwritten signature in black ink that reads "Neil Milner". The signature is written in a cursive, flowing style.

Neil Milner  
President and CEO