

233 South 13th Street, Suite 700
Lincoln, Nebraska 68508
Phone: (402) 474-1555
Fax: (402) 474-2946
www.nebankers.org



February 22, 2011

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

Attention: File No. S7-45-10

Dear Ms. Murphy:

The NBA appreciates the opportunity to comment on the notice of proposed rulemaking issued by the Securities and Exchange Commission (SEC) to establish a permanent registration system for municipal advisors under Section 975 of the Dodd-Frank Act. The NBA is a trade association that represents 223 of 225 commercial banks and 12 of the 13 savings and loan associations in the state of Nebraska.

Section 975 establishes a system of dual registration with the SEC and the Municipal Securities Rulemaking Board (MSRB) that will require covered municipal advisors to comply with rules of fair dealing, ongoing education requirements, and a fiduciary duty to their municipal entity clients.

NBA members provide a variety of products and services to state and local governmental bodies, including deposit and cash management accounts, as well as loans to municipalities.

Section 975 was intended to establish a regulatory scheme for unregulated persons providing advice to municipalities with respect to municipal derivatives, guaranteed investment contracts, investment strategies, or the issuance of municipal securities. Unfortunately, the SEC has expanded the definition of "investment strategies" to encompass any funds "held" by a municipal entity, regardless of whether such funds are related to the issuance of municipal securities or investment of bond proceeds.

We believe that the SEC's interpretation would cover traditional bank products and services such as deposit accounts, cash management products, and loans to municipalities, requiring banks to register as municipal advisors and adding a new layer of regulation on bank products for no meaningful public purpose.

This duplicate regulation will raise costs and limit availability of financial services, ultimately harming state and local governments.

Local community banks might not take municipal deposits if they have to deal with the costs and burden of registration, meaning that local governmental entities will have to go outside their communities for bank accounts. In addition, banks that are forced to register to conduct traditional activities will necessarily pass these costs along to municipal customers.

We would recommend that the SEC state clearly that neither Section 975 nor its implementing regulation reach traditional bank products and services. We further suggest that the SEC extend the exemption for registered investment advisors to banks that are exempt from Investment Advisor Act registration.

In addition, appointed members of a municipality's governing board should be deemed to be "employees" of the municipality and thus exempt from registration. In this regard, many bank employees act as citizen volunteers offering their financial expertise for the benefit of their communities. In very small communities, local bankers may be the only source of much-needed financial expertise for city or county officials. If these volunteers are required to register as individuals with the SEC and the MSRB, many well-qualified volunteers would be discouraged from subjecting themselves to these requirements.

Based on the foregoing, the NBA would respectfully request that traditional bank products and services be exempted from the proposed registration requirements.

Sincerely,



George Beattie
NBA President & CEO
george.beattie@nebankers.org

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