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Ms. Elizabeth M. Murphy, Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-1090

Re: Municipal Advisors; File Number S7-45-10

Dear Ms. Murphy:

SunTrust Banks, Inc.¹ ("SunTrust") submits this letter in response to the Commission's request for public comments in connection with its proposed new Rules 15Ba1-1 through 15Ba1-7, published in the Federal Register on January 6, 2011. The rules were proposed pursuant to Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("the Act"), which requires Municipal Advisors (as defined) to register with the Commission.

SunTrust has reviewed comment letters on this proposal drafted by the American Bankers Association Securities Association, the Financial Services Roundtable, and the National Association of Bond Lawyers and supports the positions expressed in those letters. Because the proposed regulations would have a significant adverse impact on SunTrust, its customers and communities, we offer these additional comments to amplify and expand on certain points made in those letters.

As discussed below, SunTrust believes that the proposed regulations go far beyond the statutory mandate and would impose new requirements on traditional banking products and services that were not intended by Congress. The rules would subject traditional bank activities that are already regulated by federal and state banking authorities to potentially conflicting regulation and redundant examination by the Commission and the MSRB. These new and, we believe, unnecessary regulatory burdens would increase risk for commercial banks of all sizes and ultimately restrict the quality, availability and affordability of traditional bank products and investments to municipal entities. For these reasons, we urge the Commission to expressly exclude banks providing traditional banking services from the coverage of the regulations. In addition, SunTrust urges the Commission to refrain from imposing Municipal Advisor registration requirements on broker-dealers in order to render the types of services described below.

Banks were not the source of municipal services abuse and should not be targeted by the regulation.

The underlying purpose of Section 975 of the Act was to subject independent municipal financial advisors to SEC registration and regulatory requirements. The targets of this provision were independent advisors not affiliated with a registered broker-dealer, registered investment adviser, bank or other regulated entity.

¹ SunTrust Banks, Inc., with total assets of \$172.9 billion on December 31, 2010, is one of the nation's largest financial services holding companies. Through its flagship subsidiary, SunTrust Bank, the company provides deposit, credit, trust, and investment services to a broad range of retail, business, and institutional clients. SunTrust Bank provides traditional banking services to more than 1,300 state, county and municipal government entities, with loan exposure of \$3.5 billion and deposit balances of \$5.6 billion as of June 30, 2010. Other subsidiaries provide mortgage banking, brokerage, investment management, equipment leasing, and investment banking services. SunTrust's 1,668 retail branches and 2,918 ATMs are located primarily in Florida, Georgia, Maryland, North Carolina, South Carolina, Tennessee, Virginia, and the District of Columbia.

Because of the historical limitations on the Commission's jurisdiction over municipal securities markets, these advisors were able to operate outside of any meaningful regulatory scheme, sometimes resulting in abusive or unfair practices. Congress sought to address this gap by subjecting such advisors to a registration requirement and regulatory structure comparable to that for other financial advisors.

However, there is no evidence that Congress intended for these new requirements to apply to banks providing traditional products and services to municipalities. Bank deposit, loan and money management services are already regulated and examined by federal and state authorities. The relationship between a municipality and its bank is often deep and longstanding, and the bank typically has a physical presence and extensive customer relationships in the community. Such a bank would have a strong disincentive to engage in deceptive or unfair practices against the municipality. In the unlikely event that the municipality believed the bank had acted unfairly, it would have recourse not only through the local management but also through the bank's regulator. This contrasts sharply with the relationship a municipality typically has with an independent, unregistered financial advisor, who is unlikely to have other significant business relationships in the community and for whom an aggrieved client has no real recourse other than litigation.

The proposed rules cover traditional bank products and services not intended to be subjected to SEC regulation.

Commercial bankers routinely discuss a wide array of financial products and services with municipal clients. These include traditional banking products such as deposit accounts, treasury management services, direct lending for cash flow needs or specific projects, letters of credit supporting municipal bond offerings, asset management services, short-term cash management and investment options, and serving as an indenture trustee, among others. To the extent that any products or services are offered in a trust or fiduciary capacity, bank trust departments are held to the highest fiduciary standards and are examined by regulators on this basis.

The proposed regulations fail to include an exemption for bankers who provide information to municipalities about traditional banking products that are already covered by the federal bank regulatory regimen. Absent such exclusion, banks could face a choice between registering as a Municipal Advisor (thereby subjecting themselves to additional risk and duplicative regulation as discussed below) or significantly curtailing their services to municipal entities. Neither outcome is in the public interest, nor is there public policy justification for requiring banks to make this choice. Moreover, any additional costs incurred by banks to comply with duplicative registration may manifest itself in the form of higher prices which ultimately would be borne by taxpayers.

The comment drafted by the National Association of Bond Lawyers provides a more extensive discussion of the impact of the proposed regulations on traditional banking activities, and we reiterate our support of these points.

The proposed regulation would subject banks to additional risks and redundant regulation.

If the provision of information by banks to municipalities about traditional banking products subjects banks to a requirement to register as a "Municipal Advisor", banks will be held to a fiduciary standard in the conduct of their routine transactions with such clients. Basic discussions between bankers and municipalities regarding bank deposit interest rates, money market interest rates versus checking accounts may constitute "advice" by "money managers" and affect bank activities. Imposing a fiduciary standard on these types of services would make banks wary of potential claims of self-dealing, making it more difficult to conduct routine transactions that should not trigger a higher fiduciary standard. A fiduciary standard has not been historically imposed, and the need for such a standard related to these services has not been demonstrated.

Because "advice" is not defined, bankers' ability to provide a clear description of traditional banking products to municipal customers will be hampered by a registration requirement. Ultimately, mandating registration to conduct sales of traditional banking products will increase the cost of and diminish the availability of such products. Customary deposit transactions, money market funds, cash management

services, certificates of deposit, credit facilities and loans do not involve public offering of securities. No investor protection is required in addition to banking regulation that is already in place.

Further, required registration as a Municipal Advisor would subject banks to an additional layer of federal regulation from the Commission, FINRA and the MSRB. Given that the business activities that would give rise to the registration (deposit-taking, lending, asset management, etc.) are central to the supervisory focus of the banking agencies, banks would find themselves dealing with two different sets of regulators around the same activities as well as extensive additional record-keeping requirements. This seems entirely at odds with the direction set forth in the President's January 18, 2011 executive order on Improving Regulation and Regulatory Review. Moreover, requiring banks to register as Municipal Advisors is entirely inconsistent with the Investment Advisers Act of 1940 that explicitly exempts banks from registration. Congress provided this long-standing exemption due to the extensive regulation and supervision of federal and state banking regulators. SunTrust does not believe that Congress intended that the definition of Municipal Advisors in the Dodd-Frank Act to be read to encompass banks conducting traditional banking services with municipal customers.

Should banks be required to register as Municipal Advisors, the net result of this increased risk and duplicative regulation could lead many banks, particularly smaller community banks, to abandon the municipal banking business altogether, leaving this market to large or specialized institutions. This, in turn, would lead to fewer financial services options for municipalities, more limited product sets and higher prices. This outcome is precisely the opposite of that intended by Congress when it passed the Act.

The Commission should delay effectiveness of Municipal Advisor registration requirements until the MSRB adopts relevant rules and interpretations.

In order to effectively implement Municipal Advisor registration procedures and oversight, the Commission should, concurrently with the MSRB, develop rules and provide guidance on the practical implications generated by Municipal Advisor registration requirements. This progression will ensure that service providers as well as municipal customers are informed of the responsibilities and any limitations on services imposed on Municipal Advisors.

“Investment Strategies” under Section 15B(e)(3) should apply only to “proceeds” of a municipal offering.

The Commission proposes to interpret the term “Investment Strategies” to include investment of the proceeds of municipal securities (other than municipal derivatives and guaranteed investment contracts), plans, programs or pools of assets that invest funds by or on behalf of a municipal entity. Once the proceeds of a municipal offering are commingled with other operating funds or the general funds of a municipal customer, SunTrust believes that the funds lose their characteristic as “proceeds” under the statute, and the provision of advice by a bank to a municipal customer with respect to investment of such operating or general funds would not make the bank a “Municipal Advisor” under the statute. Similarly, the use of proceeds to fund a pension plan should track the same course referenced above for municipal offerings. The Commission should provide a more definitive scope for determining when proceeds are no longer considered “proceeds” of a municipal offering. Any broader definition would apply to any pool of assets held by or on behalf of a municipality, resulting in an unintended application to any pooled investment which is not a problem that Congress believed it needed to address.

The proposed rules would be duplicative of broker-dealer regulation.

As part of routine brokerage services to municipal customers as well as other customers, broker-dealers typically provide 1) price quotes for securities that would be offered to municipal customers; 2) listings of securities that meet certain criteria without a recommendation as to the merits particularized to a municipal customer's specific circumstances or investment objectives; and 3) research, generic trade ideas and commentary not tailored to the objectives of any particular client. These securities activities would be provided by registered individuals and subject to robust oversight by FINRA, the MSRB and the Commission. SunTrust does not believe that Congress intended that conducting these activities with

municipal customers would mandate registration as a Municipal Advisor under the Dodd-Frank Act. Furthermore, many municipal entities are typically restricted in their investment guidelines or local regulations to investing the safest or most liquid securities such as U.S. Treasuries and Agencies. Municipal entities would receive a very limited benefit from applying another regulatory regime to the activities referenced above.

Traditional bank business model protects the interests of municipal customers.

The banking industry has successfully implemented procedures for complying with Regulation R of the Graham-Leach-Bliley Act of 1999 which details bank exceptions from the definition of "broker" and "dealer." Bank activities that fall outside these exceptions are required to be performed by registered broker-dealers. These regulations provide a level of protection for customers, including municipal entities, that would be duplicative or possibly in contravention to protections intended to be generated by Municipal Advisor registration requirements if imposed on banks in order to conduct certain traditional banking services.

As an example, SunTrust's standard procedures for servicing municipal customers include teaming a traditional bank employee with an employee who is a registered representative of SunTrust Robinson Humphrey, Inc.² ("STRH"), an affiliated institutional broker-dealer. In addition, SunTrust bank business model provides that bankers must make a referral to STRH for any potential sale of capital markets products. Municipal customers receive the benefit of having both bank and broker-dealer expertise. All services offered and performed for the municipal customers are supervised by either the Federal Reserve or FINRA. Subjecting the bank to additional regulatory oversight as a Municipal Advisor would be redundant and unnecessary.

SunTrust is required to adopt and maintain substantial compliance and risk management programs, designed to ensure compliance with all federal banking requirements. Among other things, SunTrust has appointed a Chief Risk Officer who is responsible for administering SunTrust's policies and procedures relating to customer investments and to maintain extensive books and records. SunTrust does not believe that the goal of providing investor protection to municipal customers would be served by adding a duplicative layer of unnecessary regulation should banks be required to register as Municipal Advisors.

In conclusion, SunTrust believes that the regulation as proposed is overly broad and would negatively impact the ability of banks of all sizes to serve their municipal clients and communities. We urge the Commission to exclude from the definition of a "Municipal Advisor" banks providing advice or information to municipalities in connection with deposit accounts, direct loans, letters of credit, cash management, employee benefit, trust, securities processing, capital market services and other traditional banking activities. These activities are outside the scope of the Act and beyond the intent of Congress. In addition, we urge that broker-dealer services referenced above also be excluded from the definition. Finally, we reiterate our support for the comments offered by the groups previously noted.

We appreciate the opportunity to comment on this important proposal and would welcome the opportunity to discuss our views further.

Very truly yours,



Catherine R. McClellan

² SunTrust Robinson Humphrey, Inc. the full-service corporate and investment banking arm of SunTrust Banks, Inc. is a member of FINRA and SIPC. The firm provides comprehensive capital raising, strategic advisory, risk management and institutional brokerage services to public and private companies as well as municipal entities.