

UMPQUA HOLDINGS

C O R P O R A T I O N

Parent company for Umpqua Bank and Umpqua Investments, Inc.

Legal Department - Eugene

February 22, 2011

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

RE: RIN 3235-AK86 – Registration of Municipal Advisors

Dear Ms. Murphy:

Umpqua Bank, headquartered in Roseburg, Ore., is a subsidiary of Umpqua Holdings Corporation (NASDAQ: UMPQ), and has 184 locations in Oregon, Northern California, Washington and Nevada. The company reported just under \$12 billion in assets at December 31, 2010. Umpqua Bank has been recognized nationally by *The Economist*, *The Wall Street Journal*, *The New York Times*, *BusinessWeek*, *Fast Company* and CNBC for its innovative customer experience and industry-leading banking strategy. For the past five years in a row, the company has been included on *FORTUNE* magazine's list of the country's "100 Best Companies to Work For."

Umpqua Bank welcomes the opportunity to comment on the notice of proposed rulemaking issued by the Securities and Exchange Commission to establish a permanent registration system for municipal advisors under Section 975 of the *Dodd-Frank Wall Street Reform and Consumer Protection Act*. Section 975 establishes a system of dual registration with the Commission 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.

Umpqua Bank provides a variety of traditional commercial bank products and services to state and local governmental bodies. For example, we offer deposit and cash management accounts, as well as loans to municipalities.

In addition, many bank associates serve their communities through appointments to, or volunteering for, local boards and commissions in capacities that may include providing advice with respect to municipal financial products. Under Section 975, "municipality" can apply to any entity owned or operated by state or local government. Examples could include public hospitals, municipal airports, public pension programs, etc.

Section 975 requires registration of any company or individual that gives "advice" to a municipality regarding investment strategies, defined as plans or programs for the investment of "proceeds" of municipal securities that are not brokerage or municipal escrow investments. "Advice" is not defined in the statute, nor is it defined in the proposed rule.

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.

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. The SEC’s interpretation would apparently cover traditional bank products and services such as deposit accounts, cash management products and loans to municipalities; meaning banks would have to register as municipal advisors and add a new layer of regulation on bank products for no meaningful public purpose. This duplicative regulation will raise costs and limit the availability of financial services, ultimately harming state and local governments.

Traditional bank activities that could potentially be covered include, but are not necessarily limited to, the following:

- Bank deposits;
- Cash management products;
- Lending to municipalities directly or through third parties for equipment, hospitals, airports, etc.;
- Letters of credit supporting municipal bond offerings;
- Advice to municipal pension plans (deemed to be municipalities themselves);
- Responses to requests for proposals from municipalities for investment products offered by banks such as money market or exempt securities;
- Providing a list of options available from the bank for short-term investments and negotiating the terms of an investment;
- Providing the terms to a municipal entity upon which it would buy the entity’s securities for the bank’s own account;
- Banks acting as indenture trustees for municipal bond offerings; and
- Bank advisory activities provided pursuant to the existing bank exemption from the requirements of the *Investment Advisors Act*.

Negative impacts to Umpqua Bank include:

- Significant costs to comply with MSRB requirements for traditional activities that are already closely regulated and examined by prudential bank regulators;
- Individual associates who provide financial advice to local governments because they serve on municipal boards, commissions, advisory bodies (both appointed and volunteers) who would be required to register as municipal advisors. Bankers may decline to offer covered opinions or advice, or may decline to serve on boards or commissions, rather than register;

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- We may decline to take municipal deposits due to the costs and burdens of registration for this traditional banking activity, forcing municipalities to place their deposits outside their communities with large national banks;
- Alternatively, we may be compelled to pass registration and other Section 975 compliance costs for traditional banking functions to our municipal customers at a time when many of them are in financial distress; and
- Since enforcement and examination will be performed by the SEC, not by Umpqua's prudential bank regulators, we will be subject to duplicative and possibly conflicting regulatory mandates.

Based on the foregoing, Umpqua Bank respectfully recommends the following:

1. The Commission should provide in the final rule that neither Section 975 nor its implementing regulation reach traditional bank products and services.
2. The Commission should extend the exemption for registered investment advisers to banks that are exempt from Investment Adviser Act registration.
3. Appointed and volunteer members of a municipality's governing board should be deemed to be "employees" of the municipality and thus exempt from registration.

If I can provide additional information, please contact me at 541-434-2997 or at stevenphilpott@umpquabank.com. Thank you for your consideration.

Sincerely,



Steven L. Philpott
EVP/General Counsel