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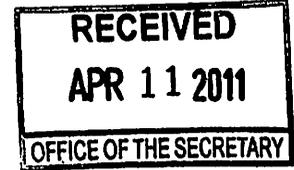
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COMMITTEE ON
OVERSIGHT AND GOVERNMENT
REFORM

April 5, 2011

Elizabeth M. Murphy, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-0609



Dear Ms. Murphy,

Thank you for the opportunity to offer comments on the proposed rulemaking issued by the Securities and Exchange Commission to establish a permanent registration system for municipal advisors under Section 975 of the Wall Street Reform and Consumer Protection Act. We have two related issues with the proposed SEC rules - the first related to conventional non-fiduciary banking products and services, and the second being the requirement for appointed board members of municipal entities to register with both the SEC and the Municipal Securities Rulemaking Board if they advise on the issuance of municipal securities.

Section 975 was intended to regulate unregulated individuals who provide investment advice to municipalities. Unfortunately, the SEC's expanded definition of "investment strategies" to encompass any funds held by a municipal entity, would cover traditional bank products and services, meaning banks would have to register as municipal advisors and add a new layer of regulation and expenses to bank products for no meaningful public purpose. This duplicate regulation will ultimately harm state and local governments by increasing banking costs, reducing choice and competition, and limiting availability of financial services.

Additionally, the SEC interpretation of municipal advisor, if adopted, would subject appointed board members of municipal entities (that are not elected ex officio members) to submit to SEC and MSRB registration, and be subject to fiduciary duties, pay-to-play, and other rules the MSRB plans to implement. In addition, employees of conduit borrowers would also be required to register. These measures add no protection to bondholders and is impractical for state bonding agencies to provide pooled conduit municipal bonding to colleges, municipalities and other organizations for reasonable cost. Many states already have statutory provisions concerning the fiduciary responsibility of volunteer board members of such authorities. The rules, if implemented will have a deleterious effect on the ability of state officials to find volunteers willing to serve on the boards of bond-issuing authorities

Specifically, we suggest that the Commission clearly state that neither Section 975 nor its implementing regulation:

- Reach traditional bank products and services and extend the exemption for registered investment advisers to banks that are exempt from Investment Adviser Act registration;
- Apply to appointed members of municipal bond authorities' governing boards and conduit borrower employees.

Thank you for your consideration of our comments.



PETER WELCH
Member of Congress

Sincerely,



THOMAS PETRI
Member of Congress



BILL SHUSTER
Member of Congress