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Congress of the United States
House of Representatives

April 7, 2011

COMMITTEE ASSIGNMENTS
TRANSPORTATION AND INFRASTRUCTURE
ARMED SERVICES
EDUCATION AND LABOR
BANKING MEMBER, SUBCOMMITTEE ON
HEALTHY FAMILIES AND COMMUNITIES

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RECEIVED
CHAIRMAN'S
CORRESPONDENCE UNIT

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

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 advisers under Section 975 of the Wall Street Reform and Consumer Protection Act. I have two related issues raised to me by constituents in my congressional district. 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.

As I understand it, Section 975 was intended to regulate unregulated individuals who provide investment advice to municipalities. My constituents are concerned that 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 advisers and add a new layer of regulation and expense to bank products for no meaningful purpose. This duplicate regulation could 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 adviser, if adopted, could subject appointed board members of municipal entities to submit SEC and MSRB registration, and be subject to rules the MSRB plans to implement. My constituents argue that many states already have statutory provisions concerning the fiduciary responsibility of volunteer board members of such authorities.

As an alternative, the commission could state that neither Section 975 nor its implementing regulation:

- Reach traditional bank products and service and extend the exemption for registered investment advisers to banks that are exempt from the Investment Adviser Act registration;

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- Apply to appointed members of municipal bond authorities' governing boards and conduit borrower employees.

Thank you for your consideration of my comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Todd R. Platts". The signature is written in a cursive, somewhat stylized font.

TODD RUSSELL PLATTS
Member of Congress
19th District, Pennsylvania