

Congress of the United States  
Washington, DC 20515

June 14, 2011

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CHAIRMAN'S  
CORRESPONDENCE UNIT

The Honorable Mary Schapiro  
Chairman  
Securities And Exchange Commission  
100 F Street, N.E.  
Washington, DC 20549

Dear Chairman Schapiro:

We are writing to provide comments on the proposed rulemaking issued by the Securities and Exchange Commission (SEC) to establish a permanent registration system for municipal advisers under Section 975 of the *Wall Street Reform and Consumer Protection Act* (also known as the *Dodd-Frank Act*). We have heard from constituents who are concerned about possible unintended consequences that could harm banks as well as state and local governments.

Congress intended Section 975 to regulate certain unregulated financial advisors who provide investment advice to municipalities. However, it now appears that the SEC's expanded definition of "investment strategies" would cover traditional bank products and services. This would result in banks being forced to register as municipal advisers, thus adding a new and unnecessary layer of regulation and expense to bank products. We are concerned that this regulation could ultimately hurt state and local governments by increasing banking costs, reducing choice and competition, and limiting the availability of financial services.

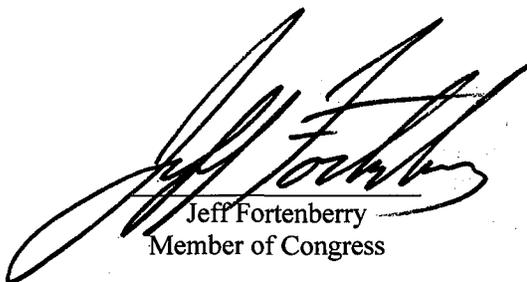
Further, we are concerned that, if adopted, the SEC's interpretation of municipal advisor could subject appointed board members of municipal entities to submit SEC and Municipal Securities Rulemaking Board (MSRB) registration, and be subject to rules the MSRB plans to implement. Many states already have statutory provisions concerning the fiduciary responsibility of volunteer board members of such authorities. The proposed change could have an adverse effect on the ability of state officials to find volunteers willing to serve on the boards of bond-issuing authorities.

We request that the Commission clearly state that neither Section 975 nor its implementing regulation:

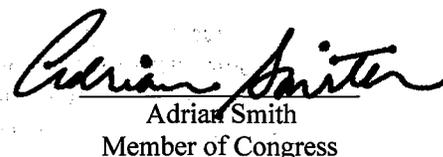
- Reach traditional bank products and services and extend the exemption for registered investment advisers to banks that are exempt from Investment Adviser Act registration
- Apply to appointed members of municipal bond authorities; governing boards and conduit borrower employees

Thank you for considering these comments.

Sincerely,

  
Jeff Fortenberry  
Member of Congress

  
Lee Terry  
Member of Congress

  
Adrian Smith  
Member of Congress