

United States Senate

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2011 JUN 29 PM 11:20

June 30, 2011

CHAIRMAN'S
CORRESPONDENCE UNIT

The Honorable Mary Schapiro
Chairman
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549

RE: Proposed Rule on Registration of Municipal Advisors, File Number S7-45-10

Dear Chairman Schapiro:

I write to address the Commission's notice of proposed rulemaking on "Registration of Municipal Advisors" (Release No. 34-63576, File No. S7-45-10), as mandated by Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. I urge the Commissioners to exclude from the municipal advisor registration requirements, banks and bank employees providing traditional banking products and services, such as basic deposits and cash-management services.

Montana is home to over 70 banking institutions, most of which are small community banks often serving rural communities in which they reside. Many of these community banks provide deposit services and basic cash management, to local municipal governments, as well as municipal hospitals, school districts, and housing authorities. In some rural regions of Montana, these small, community banks provide the only basic banking services in these communities.

I have heard concerns from Montana's banking community that the proposed rule could require banks and some bank employees that provide these traditional banking services to register as a municipal advisor. The potential that a community bank and bank employee may have to register as a municipal advisor to provide these essential banking services could adversely impact a small bank's willingness to provide these services to municipalities due to the increased costs and regulatory burdens.

As the Commission works to finalize these rules, I urge the Commission to clarify the requirements for registration of municipal advisors to exclude banks and bank employees providing traditional banking products and services to municipalities.

Sincerely,


Max Baucus
United States Senator