

Comments on the recommendations by the SEC relating to the Dodd Frank Act

Topic: Required Registration

It appears there is some confusion on who needs to register and with what regulatory authority based on a variety of criteria.

This process could be more effective if it were simplified, as well being as more efficient tool for governmental entities to utilize in evaluating potential vendors and advisors.

First Recommendation: all individuals, firms, or associations who receive compensation for soliciting business, providing financial products and/ or services, or who otherwise provide financial advice in any form (written, electronic, through conferences or other forms of communication) to an Municipality as defined in the Dodd Frank Act should be required to register as an Financial Advisor.

Exceptions to this rule would be: 1) employees of a governmental body whose duties are to provide these services; or, 2) an auditing firm, legal firm, engineering firm, or other professionals (1) which does not provided financial advice, officially nor informally in conjunction with their services, at any time neither prior to engagement during nor after their engagement with a municipal, educational, or governmental entities. All other “Advisors” with no exceptions should be required to be registered as follows.

The observation is being made that where many of these individuals, firms, and associations may currently be registered with one regulatory agency or another. However it does not appear that there is a single regulatory body where all providers of “Advisory” services could be identified, nor researched by a governmental or municipal entity seeking to use the services offered by these potential service providers.

Second Recommendation: Require that all individuals, firms or associations who receive direct or indirect compensation in association with services defined as Municipal Advisory services with in the Dodd Frank act be required to resistor with the MSRB. This would include brokers,

underwriters, banks and brokers and professional associations who provided financial advice and services. There should be no exceptions beyond the fact that they do not provide investment products, financial advice or services at any time to the municipal market place.

Furthermore, that as part of the information provided to the MSRB each registrant will also provide a complete listing of all other active regulatory registration, both federal, state and local they have submitted in the last 18 months.

This structure will create a central registration for all Municipal Advisors and offer access to a single resource for all governmental-municipal entities to identify properly registered service providers. It would also identify and provide access, or links to all other regulatory bodies that also have oversight of each potential municipal advisor, enabling a more efficient due diligence process.

Another advantage is the MSRB would have the ability to directly communicate electronically with all Registered Advisor when any need to communicate should arise.

- (1) In the current proposal there is direct language addressing legal, auditing, and engineering service providers who would be exempt from registration provided they do not offer Financial Advice unrelated to their primary responsibilities which are exempt services. There are other entities which have been found to provide unrelated financial advice in association with their services. Perhaps language should be included declaring any vendor or professional which offers to provide financial beyond that directly related to the reason for their engagement would be required to register with the MSRB
- (2) There are multiple public professional associations within the United States that offer financial products and services, (pooled funds, acquisition assistance for capital products, etc.) and earn revenue from these services that are of financial benefits to the association and its members. It may be found that this professional association will provide training and educational programs that may also promote these related products and services. All educational programs should be at arm's length and free from any promotion of products and services and the related conflict of interest, unless each vendor and presenter is properly registered as a Municipal Advisor and appropriate disclosures are made in association with the instructional program.

Summary: Governmental / educational entities would have an effective tool to research all Advisory service providers across a broad range of potential services. The MSRB would have an efficient method of communication with all Advisors. All advisors would be on a level evaluation plane where none are exempted from primary registration with the MSRB. The list on the MSRB web site could also serve as a resource for municipalities to find the service providers they need.

Special Note: This commentary has been sent past the specified dead line under a recommendation by the MSRB, as information requested from the MSRB prior to the dead line was conveyed on Feb. 23 2011