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CBAO recently joined 55 other state trade associations on a letter to Securities and Exchange Commission (SEC) Chairman Mary L. Schapiro, with a copy also sent to every member of the U.S. House and U.S. Senate. The letter urged the SEC to revise its proposal requiring community bankers and community banks to register as municipal advisors for offering the traditional services they have provided to towns and cities for decades.

The letter emphasized our belief that the proposal goes well beyond what is required either by the statute itself or by the problems the statute was written to solve. It would subject community banks to one more layer of regulation, while increasing the cost and reducing the availability of financial services for local municipal governments and other municipal operations, including municipal hospitals, housing authorities, and school districts, among others.

The letter further noted that the rule should not require community banks and community bankers that provide traditional banking products and services to register as municipal advisors, and that community banks should be granted the same exemption from municipal advisor registration that registered investment advisors are for comparable advisory activities.