

June 29, 2011

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

Dear Chairman Schapiro:

The undersigned state bankers associations represent banks in our respective states of all charter types and sizes. We are writing to express our deep and continuing concern about the Securities and Exchange Commission's (SEC) proposal for the registration of municipal advisors. We believe the proposal goes well beyond what is required either by the statute or the problems that the statute was written to solve. In doing so not only would it subject our member banks to yet one more layer of regulation for the same activities, but it would increase the cost and reduce the availability of financial services for local municipal governments and other municipal operations, including municipal hospitals, housing authorities, and school districts, among others.

As proposed, the rule would label as "municipal advisors" banks and many bank employees providing essential and traditional bank services to their local municipalities, including day-to-day deposit, cash management, custody, trustee, and lending services – a result we do not believe furthers any legitimate policy goal and, as a recent letter from House Financial Services Committee Chairman Spencer Bachus explained, is not what Congress intended. If finalized in its proposed form, the rule would result in tens of thousands of bank and banker registrations, major new compliance costs, and additional, redundant layers of multiple rules by the SEC and Municipal Securities Rulemaking Board (MSRB) for the very same products and services for which our member banks are already comprehensively supervised by the prudential banking regulators.

We draw your attention particularly to the impact on our local municipalities. While our member banks are all deeply involved in the life and activities of their communities, the unavoidable effects of the proposal would interfere with our member banks' ability to offer the services that they are accustomed to providing and upon which our municipalities rely. One example is symptomatic of others: the MSRB has proposed as part of its accompanying rule that an advisor could not provide products as a principal to a municipality it is advising. This blanket prohibition would prevent a bank from offering any deposit products to a municipality that it, or an affiliate, advises. It is hard to overestimate the hardship this one provision may cause for local municipalities.

We concur with our bankers' recommendation that the rule state clearly that banks and bankers providing traditional banking products and services are not required to register as municipal advisors. Further, banks should be granted the same exemption from municipal advisor registration as registered investment advisors are for comparable advisory activities. No supervisory gap would be created by this approach: the prudential banking regulators today

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comprehensively supervise and examine banks with respect to all of their activities to all types of customers, including municipalities.

Thank you for your attention to this important matter.

Respectfully,

American Bankers Association	Missouri Bankers Association
Alabama Bankers Association	Montana Bankers Association
Alaska Bankers Association	Nebraska Bankers Association
Arizona Bankers Association	Nevada Bankers Association
Arkansas Bankers Association	New Hampshire Bankers Association
California Bankers Association	New Jersey Bankers Association
Colorado Bankers Association	New Mexico Bankers Association
Community Bankers Association of Ohio	New York Bankers Association
Connecticut Bankers Association	North Carolina Bankers Association
Delaware Bankers Association	North Dakota Bankers Association
Florida Bankers Association	Ohio Bankers League
Georgia Bankers Association	Oklahoma Bankers Association
Hawaii Bankers Association	Oregon Bankers Association
Heartland Community Bankers Association	Pennsylvania Bankers Association
Idaho Bankers Association	Puerto Rico Bankers Association
Illinois Bankers Association	Rhode Island Bankers Association
Illinois League of Financial Institutions	South Carolina Bankers Association
Indiana Bankers Association	South Dakota Bankers Association
Iowa Bankers Association	Tennessee Bankers Association
Kansas Bankers Association	Texas Bankers Association
Kentucky Bankers Association	Utah Bankers Association
Louisiana Bankers Association	Vermont Bankers Association
Maine Bankers Association	Virginia Bankers Association
Maryland Bankers Association	Washington Bankers Association
Massachusetts Bankers Association	Washington Financial League
Michigan Bankers Association	West Virginia Bankers Association
Minnesota Bankers Association	Wisconsin Bankers Association
Mississippi Bankers Association	Wyoming Bankers Association

Cc: Members of the U.S. Senate
Members of the U.S. House of Representatives