

BY ELECTRONIC MAIL

Friday, January 10, 2014

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

Re: Municipal Advisor Final Rule – Request for Extension of Effective Date

Dear Chairman White:

The American Bankers Association appreciates the efforts of the Securities and Exchange Commission's Office of Municipal Securities to discuss on several occasions the municipal advisor final rule (Rule) and its effect on the banking industry. Nonetheless, many significant questions remain about the scope and applicability of the Rule. We therefore strongly urge the Commission to delay effective date of the municipal advisor final rule until the Commission has given much-needed interpretive guidance to the banking industry.¹

As we have mentioned before, the Rule requires extensive fact finding and legal analysis to determine whether a bank has engaged in advisory or other services that require registration. Either despite or because of the great number of pages in the Rule, there remains significant confusion over the Rule's scope and application to banks. Hence, many of our members are struggling to determine whether they must register under the temporary regime by Monday, January 13, 2014.

The Commission has informally acknowledged that there are indeed outstanding interpretive matters to be resolved and therefore has indicated an openness to publishing Frequently Asked Questions on different aspects of the Rule. We cannot state strongly enough the important need for such FAQs. However, with the effective date for temporary registration already upon us there is clearly inadequate opportunity for the industry to take advantage of any potential interpretive guidance in these FAQs in relation to the determination of whether or not to register with the Commission.

¹ The Frequently Asked Questions released this afternoon do not address issues of concern to the banking industry.

Compounding the problem with this lack of interpretive guidance, the Municipal Securities Rulemaking Board (MSRB) released on January 9, 2014 the first set of conduct rules that will apply to municipal advisors. Unfortunately, the proposal contains a restriction on principal transactions with municipalities that would be impossible for commercial banks to comply with, an issue ABA noted as early as 2011 in a letter to the MSRB. What is a bank, considering this very likely impossible determination of what is within the scope of the Rule, to do?

Given the significant and legitimate need for additional guidance on what is and what is not subject to the Rule, time is needed for the Commission to issue FAQs and for banks to understand them, determine whether registration is required and affect the necessary compliance processes. ABA strongly urges that the Commission delay the effective date until no earlier than July 1, 2014.

Sincerely,



Cristeena Naser
Vice President and Senior Counsel

cc: The Honorable Luis A. Aguilar, Commissioner
The Honorable Daniel M. Gallagher, Commissioner
The Honorable Kara M. Stein, Commissioner
The Honorable Michael S. Piwowar, Commissioner
John J. Cross III, Director, Office of Municipal Securities