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February 4, 2020

The Honorable Jay Clayton
Chairman
Securities and Exchange
Commission
100 F St NE
Washington, DC 20549-1090

The Honorable Robert J. Jackson Jr.
Commissioner
Securities and Exchange
Commission
100 F St NE
Washington, DC 20549-1090

The Honorable Hester M. Peirce
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The Honorable Elad L. Roisman
Commissioner
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The Honorable Allison Herren Lee
Commissioner
Securities and Exchange
Commission
100 F St NE
Washington, DC 20549-1090

Re: Proposed Exemptive Order (File No. S7-16-19)

Dear Securities and Exchange Commissioners:

I have had an opportunity to review the proposed Exemptive Order granting a conditional exemption from broker-dealer registration for registered municipal advisors. The proposal suggests that many issuers today benefit from direct purchases of municipal securities and from direct loans from banks. I previously worked as a commercial banker issuing direct tax-exempt loans to municipalities in addition to serving as a municipal advisor, underwriter, and full-service investment brokerage and advisory firm for municipal issuers. I also have the perspective on the buy side as both a trustee and portfolio manager. With this institutional experience, I have concerns about the current regulatory path of the Exemptive Order and urge the Securities and Exchange Commission (the "Commission") to reconsider their path forward.

In my view, as currently proposed, the Exemptive Order could have the following negative impacts: 1) it could impact investor protections for retail investors who will be deprived of the full financial picture of an issuer, 2) it will create an unlevel playing field between non-broker-dealer municipal advisors and broker-dealers who compete for municipal advisory business, 3) it will cause uncertainty in the secondary market for institutional investors in the municipal bond market and 4) it will allow municipal advisors to engage in traditional brokerage activities without being adequately capitalized (SEC capital requirements protect investors in the event of fraud).

Furthermore, I have concerns regarding the process the Commission is using to move this policy forward. Specifically, I question why the Commission is attempting a wholesale change to the origination,

underwriting, placement, compliance, and portfolio oversight using an exemptive order rather than the more expected and appropriate process accomplished through the the Administrative Procedures Act (APA). Utilizing the APA allows market participants, regulatory agencies, the investing public and additional stakeholders an opportunity to publicly discuss the benefits and drawbacks of an idea and it requires the Commission to respond to such arguments. It also requires the Commission to publicly conduct a cost-benefit analysis which would demonstrate the economic impact, policy implications and investor protection concerns of the proposal. Lastly, it provides better guardrails for the timeline and enforcement of the issue.

I urge the Commission to withdraw the idea of pursuing this matter by Exemptive Order and, should a majority of the Commission seek to pursue this change, do so by adopting a formal proposal under the APA process. By a copy of this letter, I am sharing my views on this matter with my colleagues to bring light to this important issue. I appreciate the Commission's commitment to maintaining a safe and secure capital markets industry, however, and I hope we can work together to find a workable solution for our municipal market that benefits our investors and issuers.

Sincerely,



French Hill
Member of Congress

CC: Senator Mike Crapo, Chairman of the Senate Banking, Housing and Urban Affairs Committee
Senator Sherrod Brown, Ranking Member of the Senate Banking, Housing and Urban Affairs Committee
Rep. Maxine Waters, Chairwoman of the House Financial Services Committee
Rep. Patrick McHenry, Ranking Member of the House Financial Services Committee