



February 21, 2011

VIA ELECTRONIC DELIVERY

Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: File Number S7-45-10

Dear Ms. Murphy:

On behalf of the nearly 600 commercial banks and thrifts that are members of the Texas Bankers Association (TBA), thank you for the opportunity to comment on the Securities and Exchange Commission's (the Commission) proposal regarding the registration of municipal advisors.

Our member banks serve the financial needs of Texas' 25 million citizens and the hundreds of communities in which they live and work. Texas bankers also serve the financial needs of those communities in a myriad of ways, including serving as the depositories for the city, county, school district, or hospital district, to name just a few.

The Commission's proposed rule implementing Section 975 of Title IX of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd Frank Act) places dozens, if not hundreds, of Texas communities at risk of losing local financial providers because it creates a disincentive to provide even the simplest of banking services to municipal entities. While Dodd Frank requires registration of any company or individual that gives advice to a municipality on investment strategies defined as plans or programs for the investment of the proceeds of municipal securities, the Commission's proposed rule expands coverage beyond the term 'proceeds' in the statute, meaning that anyone providing advice to a municipality regarding *any* of its funds, whether or not from 'proceeds' of municipal securities, would require registration. It is this overbroad expansion of the term 'proceeds' that we are most concerned about, and, because of its inclusion in the rule, it is why we oppose the proposal in its current form.

Under our interpretation of the proposed rule, local community banks taking municipal deposits and offering advice on the best way for the municipal entity to leverage those deposits to exact the highest return, by suggesting something as simple as the laddering of certificates of deposits, for example, will need to register with both the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. This is an added layer of regulatory burden that our community banks will not be able to bear. And, while \$600 in fees may not seem like much,

these fees will not be paid in a vacuum; they are yet another fee to another regulator that bank employees will have to maintain. More importantly, it is our belief that if the Commission's rule is adopted in its current form, local community banks will no longer bid on municipal deposits as they have done for years, leaving communities with less choice in the financial marketplace, if any at all, because they will not want to be subjected to yet another layer of regulatory oversight.

Rather than pursuing the adoption of a rule that will result in less consumer choice (in this case the municipal entities themselves are the financial services consumers,) we urge the Commission to reconsider including FDIC-insured institutions in the definition of 'municipal advisor' as proposed in File Number S7-45-10. Either the institutions should be excluded from the definition of municipal advisor in the rule itself, or, should the Commission insist upon leaving the definition in its overbroad form, thus including commercial banks and thrifts as potential registrants, then the Commission should exercise its authority to exempt commercial banks and thrifts from the registration requirement imposed by the proposed rule, as it is entirely within its discretion to do under Section 780-4(a)(4) of the Securities Exchange Act of 1934.

Commercial banks and thrifts are already subject to extensive examination, often at both the state and federal levels, and requiring them to register with both the Securities and Exchange Commission and the Municipal Securities Rulemaking Board will not promote financial stability or improve their accountability, the goal stated in the Dodd Frank Act's preamble. As discussed above, we believe it will discourage financial stability because municipal entities may no longer be able to bank with the local institution with whom they have had a depository relationship for generations.

Thank you in advance for your time. I welcome any comments or questions you may have on the above.

Sincerely,



Celeste Embrey
Assistant General Counsel