



Michigan Bankers Association

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Ronald W. Smith
Corporate secretary
Municipal Securities Rulemaking Board
1900 Duke Street
Alexandria, VA 22314

Subject: MSRB Notice 2011-14 – Draft MSRB Rule G-36 and Draft interpretative Notice

Dear Mr. Smith:

On behalf of the Michigan banking industry, I appreciate the opportunity to comment on the MSRB Notice 2011-14 – Draft Rule G-36 and Draft Interpretative Notice regarding the fiduciary duty of municipal advisors. Section 975 of the Dodd-Frank Wall Street and Consumer Protection Act requires that municipal advisors register with both the Securities Exchange Commission and the Municipal Securities Rulemaking Board and imposes a fiduciary duty upon municipal advisors to their municipal clients.

The Michigan Bankers Association joins the American Bankers Association in urging the MSRB to hold in abeyance its Draft Rule G-36 until the SEC finalizes its action on a permanent registration regimen for municipal advisors. We further join the ABA in encouraging the MSRB to coordinate its rulemaking with other federal agencies including the Commodity Futures Trading Commission, and the Department of Labor.

Like all banks across the nation, Michigan banks provide a wide array of routine products and services to local municipalities including deposit-taking, lending, and cash management, along with numerous other services, some of which may be managed by bank's trust department. Any number of these products and services might be deemed to constitute advice pursuant to Section 975.

Draft Rule G-36 could result in mandated registration for a large number of Michigan banks, not to mention thousands of other banks across the nation, with a subsequent exemption from registration following the SEC's determination.

It makes the most sense for the MSRB to have the benefit of the SEC's determination prior to implementing its own rules.

Additionally, other federal agencies are considering the imposition of a fiduciary standard on participants in the capital markets that may provide services to municipalities including the Commodity Futures trading Commission regarding swap activities and the Department of Labor regarding ERISA activities. We strongly encourage agencies coordinate their regulatory authority to ensure consistent regulations that do not work at cross purposes.

Further, many banks provide services to municipalities through the bank's trust department. Fiduciary activities provided by bank trust departments to municipalities are already subject to extremely thorough regulation by state and federal bank regulatory agencies. Yet another layer of regulation serves no meaningful purpose.

For these reasons and others, we strongly urge the MSRB hold in abeyance its Draft Rule G-36 until the SEC issues its determinations under Dodd-Frank and we urge the MSRB to coordinate its rulemaking with that of other federal agencies.

On behalf of the banking industry in Michigan, I thank you for your consideration of these comments.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "R. D. Lavolette", with a stylized flourish at the end.

Richard D. Lavolette
General Counsel