

*Congressman Bachus, Chairman of the House Financial Services Committee, released a statement in support of bipartisan legislation that clarifies provisions in the Dodd-Frank Act requiring municipal advisers to register with the Securities and Exchange Commission.*

*The bipartisan bill, H.R. 2827 sponsored by Rep. Robert Dold, was considered on Wednesday, August 1, by the Subcommittee on Capital Markets and Government Sponsored Enterprises a day after the SEC issued a report calling for greater regulation and better disclosure standards in the municipal securities market.*

*Bachus called that report “timely as there is an increasingly challenging environment facing municipalities because of the economy. Increased disclosures could go a long way to help protect investors, taxpayers and ratepayers. I look forward to discussing the report’s recommendations with the SEC and other municipal market participants at a hearing this fall.”*

*H.R. 2827 passed the subcommittee 21-10-1. Chairman Bachus’ statement follows:*

***“This important bill would refine Section 975 of the Dodd-Frank Act and capture the truly unregulated who may be offering financial advice to municipalities.”***

***“Section 975 of Dodd-Frank directed the Securities and Exchange Commission to establish an effective registration and examination program for municipal financial advisors. This is an entirely worthy goal and one I support, especially as I have seen in Jefferson County, Alabama how unscrupulous municipal advisors pocketed the lucrative fees associated with the county’s sewer bond offerings while ignoring the welfare of the taxpayers.***

***“However, even though I agree with the goal of Section 975, I cannot support the SEC’s proposed rules to implement it because the SEC’s proposal would require thousands more to register with the SEC than Congress ever intended.***

***“For example, the proposed rule’s broad definition of ‘municipal financial products’ combined with the failure to define the word ‘advice’ would require thousands of bank employees who conduct routine business with municipal entities to register with the SEC.***

***“Additionally, the proposed rule would require appointed, non-ex officio municipal board members and officials to register with the SEC. Many small towns frequently appoint, rather than elect, their municipal administrators. Similarly, boards of trustees of public universities are appointed. Forcing these individuals, who often volunteer their time and expertise, to register with the SEC would create a significant disincentive for qualified individuals to serve their communities.***

***“Finally, the SEC’s rule ignores an explicit exemption contained in Section 975 for ‘engineers providing engineering advice’ to municipal entities.***

***“Given these and other examples, it is unsurprising that SEC Chairman Schapiro acknowledged in an April 25, 2012 Financial Services Committee hearing that the SEC ‘cast the net too widely’ in its proposed rule. While I take some comfort from Chairman Schapiro’s acknowledgement, I do not believe Congress can just sit back and hope that the Commission gets it right the second time.***

***“That is why I urge my colleagues to support Congressman Dold’s bill, which would ensure that ‘non-broker-dealer financial advisors’ register with the SEC without forcing thousands of others to comply with this rule,” said Chairman Bachus.***

To view Reuters News article on the legislation, [click here](#) .