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## Lawmakers Lobby Newest SEC Commissioners Over Muni Advisors.

Reps. Steve Stivers, R-Ohio, and Gwen Moore, D-Wis., are urging the Securities and Exchange Commission's newest members to support their bipartisan legislative efforts to narrow the definition of municipal advisor.

Stivers and Moore made their case in a recent letter to Commissioners Kara Stein and Michael Piwowar, who joined the SEC last month, just before the commission's scheduled Wednesday meeting to consider whether to adopt new registration rules and forms for municipal advisors, including provisions that define who non-dealer MAs are.

Stivers and Moore prefer a definition that would apply to individuals engaged for compensation by an issuer or borrower to provide advice on muni issuances and products. That is narrower than a 2010 SEC proposal that did not draw the distinction between those compensated for muni work and those not paid for muni advice specifically.

"As you begin your tenure at the SEC one of the first issues you are likely to encounter is the agency's consideration of a final rule defining municipal advisors," the letter states. "As you and your colleagues on the SEC work to finalize the MA rule, we urge you to adopt a rule that reflects congressional intent and establishes appropriate distinctions among various participants in the municipal securities market."

Stivers, Moore, dealers and other supporters of their bill, H.R. 797, have argued that the SEC's original 2010 rule proposal would have cast a wide net, ensnaring entities that Congress never meant to regulate when Dodd-Frank was enacted. Bank employees providing traditional banking advice to a municipal entity, or appointed governmental board members who serve voluntarily could be forced to register as MAs under the SEC's proposal, supporters of the bill said. The legislation is identical to a bill sponsored by former Rep. Bob Dold, R-Ill., that passed the House last year before dying in the Senate. Dold was not re-elected last November.

Non-dealer MAs and other critics of the legislation, argue it would provide a loophole potentially exempting from registration some of the very entities Dodd-Frank was enacted to regulate For example, broker-dealers would not have to register as long as they were not paid for advisory services.

But Stivers and Moore told Stein and Piwowar that their bill "draws the appropriate lines."

"The SEC's MA rule should protect states and localities without threatening the ability to finance infrastructure as efficiently as possible," the letter concludes.

The lawmakers also released public statements ahead of the SEC meeting, expressing the hope that the SEC follows their lead and hinting that they may continue a legislative push for their path if the commission goes a different direction.

“The Dodd-Frank definition for municipal advisors has affected people who were never intended to be covered by it, from volunteers on local boards to bank tellers,” Stivers said. “I hope the SEC will fix the definition; if not, our bipartisan bill will fix it.”

“I am so pleased that the SEC intends to vote on a rule that could clarify the definition of a municipal advisor,” said Moore. “It is my hope that the ultimate rule follows the model H.R. 797, the Municipal Advisor Oversight Improvement Act of 2013, sets forth. I look forward to seeing the outcome of their vote and how the municipal advisor market can continue serving its vital role in our community.”

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