

Bond Case Briefs

Municipal Finance Law Since 1971

SEC Gives U.S. Municipal Advisers Six More Months to Register.

Jan 13 (Reuters) – U.S. regulators on Monday gave municipal advisers until July 1 to register with the Securities and Exchange Commission, making a last-minute concession to the securities industry, which had complained firms did not have time to digest a definition of advisers spanning 700 pages.

The definition, approved in September, was scheduled to take full effect on Monday.

It is the first step in fulfilling the Dodd-Frank Act's requirement that those who consult with municipalities about selling debt or buying derivatives register and also comply with a fiduciary standard in which the municipalities' interests come first.

The Securities Industry and Financial Markets Association had asked last week for a one-month delay in the effective date. In a statement on Monday, SIFMA President Ken Bentsen welcomed the postponement, saying it gives firms time to develop compliance programs and training.

The extension will allow advisers to analyze and understand guidance that the SEC released on Friday clarifying parts of the definition, said Allen Robertson, president of the National Association of Bond Lawyers.

"We believe that the delay in light of the breadth and complexity of the muni adviser rules is appropriate," he said, adding he expects further SEC guidance on obligated persons and the investment of proceeds under the definition to come out soon.

The SEC and the Municipal Securities Rulemaking Board have recently begun a full-court press to strengthen oversight of the advisers, who escaped federal scrutiny until the Dodd-Frank Act became law in 2010.

The MSRB, a self-regulatory organization that writes the rules the SEC enforces, unveiled a proposed rule last week addressing advisers' fiduciary duties. It expects to release specific directives in five key areas this year, including the duties of solicitors.

Robertson said the delay in registration would likely not have an impact on the MSRB's timing.

The initial proposed definition of who had to register was universally criticized as too broad when it was released more than two years ago and spawned more than 1,000 public comment letters. The SEC pulled the proposal and then crafted a final definition that relies more on a person or firm's activities than on a job title or role.

Under a temporary placeholder rule, more than 1,100 advisers have registered with the SEC since September 2010. On Friday alone, the SEC posted 13 registrations. (Reporting By Lisa Lambert; Editing by Dan Burns, Nick Zieminski and Dan Grebler)

