Bond Case Briefs

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SIFMA Statement from GFOA Conference.

Minneapolis, MN, May 20, 2014 – SIFMA today issued the following statement from Kenneth E. Bentsen, Jr., SIFMA president and CEO, after his luncheon remarks at the Government Finance Officers Association (GFOA) Annual Meeting taking place May 18-21, 2014 in Minneapolis:

"SIFMA is committed to promoting efficient municipal markets that facilitate capital formation, investor opportunity and economic growth. The municipal bond markets fuel local economies through infrastructure investment and job creation – in fact, state and local governments have already accessed over $88 billion in capital this year. It is vital to the prosperity of U.S. communities that this public-private partnership remain strong and not be constricted by unnecessary regulatory reform. Specifically, SIFMA is concerned that in more than one occasion, regulators have taken actions that work to the detriment of the municipal bond markets and state and local government issuers.

"For instance, in the case of the recently approved municipal advisor rule, the SEC incorrectly interpreted legislative history to create new burdens for both underwriters and issuers, as opposed to establishing a much needed, industry supported, regulatory framework for otherwise unregulated financial advisors. We are also concerned that the SEC's Municipal Continuing Disclosure Cooperation Initiative (MCDC Initiative) creates a prisoner's dilemma by trying to incentivize underwriters to report on their clients under the threat of penalty by the SEC. Instead, the SEC should be focusing on helping issuers comply with their obligations in an efficient manner and ensure investors have the information they need going forward. In the tax arena, we are closely monitoring the threat to end the tax-exemption for municipal bond interest, which would lead to higher capital costs and decreased municipal investment.

"SIFMA is dedicated to working with regulators and market participants to help craft well thought out rules and business practices that strike the appropriate balance between investor protection, safety and soundness and market efficiency. We are also working to stay ahead of future threats including systemic cyber attacks or other emergency scenarios that could impact the municipal markets and the industry's broad ability to fulfill its role of intermediating capital and credit between investors and end users. We remain steadfast in our goal of promoting efficient, resilient municipal markets that can facilitate economic growth across the country."

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