



BDA Advocacy Update

June 20, 2011

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BDA Board Advances Advocacy Agenda

The BDA's Board of Directors came to Washington for two days of meetings with Regulators and Members of Congress June 15 and 16.

On the regulatory side, the Board met with:

- SEC Chair Mary Schapiro
- SEC Commissioner Troy Paredes
- SEC's Office of Municipal Securities
- Federal Reserve Governor Elizabeth Duke
- Assistant Treasury Secretary for Financial Markets Mary Miller
- FINRA CEO Rick Ketchum
- FINRA EVP Steve Joachim
- FINRA Fixed Income General Counsel Marc Menchel
- FINRA Director of Fixed Income Regulation Mac Northam
- MSRB Executive Director Lynnette Hotchkiss

The Board also split up and had several meetings with members of the House and Senate. The primary purpose of the meetings was to push the BDA's fixed-income, middle-market focused agenda. This included resolving the application of fiduciary duty on broker dealers, the definition of who is a municipal advisor (and how that relates to the changes to G-23), primary and secondary market disclosure, closing the TRACE reporting loophole as related to agency and agency MBS debt, restoring Build America Bonds and Bank-Qualified Bonds and defending the municipal tax exemption in federal tax reform.

We will be following up with a more detailed, meeting by meeting report.

Additional stimulus in the works?

With positive news coming out of last Saturday's "golf course summit" between President Obama and House Speaker Boehner and congressional negotiations over extending the debt ceiling proceeding at a slow but deliberate pace, some ideas to inject additional "stimulus" into the economy are now being floated on Capitol Hill and at the White House. The ideas include a temporary cut in the payroll tax and additional depreciation write-offs for businesses. So far, no recommendations to resurrect programs tied to taxable or tax-exempt bonds have been made.

Has "Too Big to Fail" Failed?

At a June 14 hearing, the House Financial Services Committee examined whether Dodd-Frank ended "Too Big to Fail" or whether the law has actually led to greater consolidation and power among the largest financial institutions. While most Members concluded that the technical language of Dodd-Frank does not permit bailouts, most also concluded that future Congresses could change the law—and that large financial institutions will continue to enjoy a competitive (and some Members commented, unjustified) advantage over smaller institutions. This position is consistent with BDA's statements on the TBTF issue since Dodd-Frank was enacted and one that we will continue to communicate to Congress and regulators.

BABs Estimated to Cost \$5.7 Billion

As a part of its FY 2012 federal budget proposal, the Obama Administration recommended reinstating and making permanent the Build America Bonds program. The Administration's proposal would follow the same BABs guidelines that were in effect during 2009-2010 but would lower the subsidy rate to 28%. Last week, the congressional Joint Committee on Taxation issued a statement indicating it estimates that reinstating BABs at that level would cost the federal treasury \$5.7 billion over 10 years. Thus far, no serious attempt to reinstate BABs has been advanced on Capitol Hill although Democrats have included the measure in HR 992, broad-based tax legislation that was introduced earlier this year.

Upcoming Meetings:

Fixed Income Legal & Compliance Roundtable

The BDA is hosting a Roundtable for Fixed Income Legal & Compliance professionals at middle market dealers on June 23 in Washington, DC. Guest speakers will be Mac Northam from FINRA and Peg Henry from the MSRB and discussion topics will include primary and secondary market disclosure, markup guidelines, defining municipal advisor and much more. For more information please contact Mike Nicholas at mnicholas@bdamerica.org or 202-204-7901.

Heads of Fixed Income Roundtable

The BDA is once again hosting a Fixed Income Leadership Roundtable on August 10 in Chicago. This roundtable will attract 25 to 30 heads of fixed income from middle market securities dealers and banks and includes a networking reception and Cubs' game where the BDA has reserved a private suite. Space is limited for this event. For more information on attending or sponsoring this event please contact Mike Nicholas at mnicholas@bdamerica.org or 202-204-7901.

BDA Annual Fixed Income Conference

Mark your calendars for October 6 and 7 at the Four Seasons Hotel in Denver, CO. The BDA Annual Fixed Income Conference features over 130 fixed income leaders from dozens of middle market securities dealers and banks headquartered from coast to coast. More information is coming soon at www.BDAmerica.org.

Expanding Membership:

The Bond Dealers of America is happy to announce that Investortools, Inc. has joined the BDA as an Associate Member. Information on Investortools can be found at www.invtools.com. For more information on the BDA including the full list of members and benefits of membership please go to www.BDAmerica.org.

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