

THE CAPE COD FIVE CENTS SAVINGS BANK

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*Cape Cod's  
Community Bank  
Since 1855*

Mr. Ronald W. Smith  
Corporate Secretary  
Municipal Securities Rulemaking Board  
1900 Duke Street  
Alexandria, VA 22314

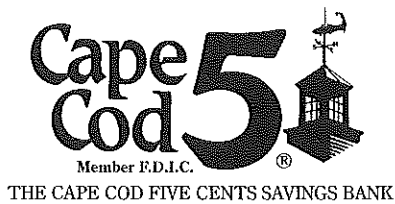
**RE: MSRB Notice 2014-1 – Draft MSRB Rule G-42 Duties of Non-Solicitor Municipal Advisors**

The Cape Cod Five Cents Savings Bank appreciates the opportunity to comment on the proposed MSRB Rule G-42. The Bank is very concerned that the rule, as drafted, may prohibit the bank from providing both municipal advisory services and traditional banking services such as deposit accounts, loans or cash management services to municipal entities in Massachusetts.

Community banks like The Cape Cod Five Cents Savings Bank are an invaluable resource and partner for communities throughout Massachusetts. Many small communities are ignored by large municipal financial advisory firms simply because they do not come to market frequently enough or issue in dollar amounts that are significant. The fees charged by some larger firms can also be prohibitive for smaller communities and, therefore, become a deterrent to hiring a municipal advisor, who may be able to save these communities significant amounts of money in interest expense as well as help them avoid costly mistakes that occur in the authorization process of issuing debt.

A prohibition on principal transactions, as proposed in the Draft Rule – G42, may have the unintended effect of restricting the ability of municipal entities and obligated persons to obtain financial products and services. Such a prohibition would only serve to further decrease access of small to mid-sized municipal entities to crucial, expert advice. A likely effect of the proposed rule would be to further tax the resources of the Massachusetts Division of Local Services, who may have to fill the void left if Banks were to exit the municipal advisory business.

The American Bankers Association has made a comment, dated March 4, 2014, and in it they make three specific points for discussion:



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- 1. The MSRB has no authority to impose a fiduciary duty on the municipal advisors with respect to obligated persons.**
- 2. Draft Rule G-42 should not apply to the provision of products or services that are either excluded or exempted under the SEC's final rule on municipal advisor registration.**
- 3. The prohibition on principal transactions must be narrowed substantially.**

We have reviewed these points and urge the MSRB to consider them and make the necessary changes to the proposed Rule G-42 to address them.

In conclusion, The Cape Cod Five Cents Savings Bank feels strongly that the proposed draft Rule G-42 may have many unintended consequences that will only serve to make qualified, municipal advisory advice more expensive and harder to obtain for small to mid-sized communities. We also feel the MSRB should carefully review and amend the prohibition on principal transactions, so that the rule does not force banking organizations to choose between providing municipal advisory services or a full range of traditional banking services such as loans, cash management and deposit products.

Sincerely,

Dorothy A. Savarese  
President & Chief Executive Officer