



March 10, 2014  
Mail Office Box 1600  
San Antonio, Texas 78296-1600

Mr. Ronald W. Smith  
Corporate Secretary  
Municipal Securities Rulemaking Board  
1900 Duke Street, Suite 600  
Alexandria, VA 22314

RE: Request for Comment on Proposed MSRB Rule G-42, Duties of Non-Solicitor Municipal  
Advisors: MSRB Notice 2014-01

Mr. Smith:

Frost Bank, a commercial banking institution chartered in the State of Texas, appreciates the opportunity to comment on the above proposed rule, specifically section (f) regarding the prohibitions against a municipal advisor, or any affiliate of a municipal advisor, from engaging in any transaction in a principal capacity to which the municipal entity is a counterparty.

The proposed regulation would preclude banks such as Frost Bank from providing advisory services from our Trust Department regarding a municipality's pension fund assets or from our Capital Markets area regarding a municipality's issuance of a debt security and simultaneously provide that municipality with other traditional and necessary commercial and fiduciary banking services. These precluded service offerings would include deposit services, cash management including account sweeps, securities lending, lockbox services, securities safekeeping, bond proceeds investing, traditional lending services, employee payroll services, etc., all services that commercial banks have traditionally provided to the local governmental entities. When forced to choose between the advisory roles and that of being the provider of other banking services, commercial banks will likely exit the advisory role process, thus narrowing competition for and limiting the availability of such services.

A better solution would be to provide a specific and clear exemption for commercial banks who provide such advisory services from being subject to the proposed prohibitions on being a provider of other such traditional services to the municipalities. We do not believe it was the intent of Congress, nor is it the intent of the MSRB to lessen the competition in the marketplace or to lessen the availability of traditional banking or advisory services. Commercial banks have had a long history of providing such services to their local governments for many years in a forthright manner without undisclosed conflicts of interest. We trust that the MSRB will find a solution that enables these relationships to continue.

Sincerely,

A handwritten signature in cursive script, appearing to read "William H. Sirakos".

William H. Sirakos  
Senior Executive Vice President