



May 1, 2009

The Honorable M. Jodi Rell
Governor
State of Connecticut
State Capitol
210 Capitol Avenue
Hartford, CT 06106

Dear Governor Rell:

The Securities Industry and Financial Markets Association (SIFMA)¹ recently learned that the Appropriations Committee of the General Assembly has approved budget legislation that would transfer the funding of the Banking Department into the State's General Fund. SIFMA strongly opposes such a transfer and encourages you to likewise oppose.

Currently, broker-dealers who do business in the state pay \$250 annually to register with the Department of Banking; roughly 135,000 brokers/registered representatives also pay a \$50 annual registration fee. These collective fees are used by the Department to fund salaries, administrative costs, industry oversight, investor education programs and other expenses connected to the securities business. At present, there is a direct correlation between the Department's costs and the fees being charged.

Transferring the funding of the Banking Department into the State's General Fund essentially makes the fee just another tax. This will dramatically weaken the connection between amount charged and services provided; it will also likely leave registered representatives feeling resentful and used. Moreover, fees collected may actually decline as out of state brokers with a limited in-state presence will likely re-evaluate whether to continue doing business in the state.

The Banking Department has accumulated surpluses over the years. On several occasions, the State has taken these surpluses and used them for purposes completely unrelated to the financial services industry. The industry was unhappy but did not complain, viewing the appropriation of reserve funds as isolated examples in a typically fair and efficient process. We, however, cannot sit back and watch while legislation is under consideration which may increase fees substantially while leaving the Department to fight for money to do its job.

We therefore urge you to oppose any legislation - including the current budget proposal - which transfers the Banking Fund into the General Fund. Connecticut should not sever the connection between fees charged and services provided.

Sincerely,

Kim Chamberlain
Managing Director and Counsel
State Government Affairs

¹ The Securities Industry and Financial Markets Association brings together the shared interests of more than 600 securities firms, banks and asset managers. SIFMA's mission is to promote policies and practices that work to expand and perfect markets, foster the development of new products and services and create efficiencies for member firms, while preserving and enhancing the public's trust and confidence in the markets and the industry. SIFMA works to represent its members' interests locally and globally. It has offices in New York, Washington D.C., and London and its associated firm, the Asia Securities Industry and Financial Markets Association, is based in Hong Kong.