



| asset management group

April 21, 2016

The Honorable Rob Bishop
Chairman
House Committee on Natural Resources
1324 Longworth House Office Building
Washington, DC 20515

The Honorable Raul Grijalva
Ranking Member
House Committee on Natural Resources
1324 Longworth House Office Building
Washington, DC 20515

Re: Congressional Action to Address the Puerto Rico Municipal Market and Contagion

Dear Chairman Bishop and Ranking Member Grijalva:

On behalf of the Asset Management Group (“AMG”) of the Securities Industry and Financial Markets Association (“SIFMA”), I am writing to support Congress’ efforts to create a limited and targeted framework to address Puerto Rico’s fiscal crisis through H.R. 4900, the Puerto Rico Oversight, Management, and Economic Stability Act (“PROMESA”).

SIFMA AMG is the voice for the buy-side within the securities industry and broader financial markets, which serves millions of individual and institutional investors as they save for retirement, education, emergencies, and other investment needs and goals. SIFMA AMG’s members represent U.S. asset management firms whose combined assets under management exceed \$30 trillion. The clients of AMG member firms include, among others, registered investment companies, separate accounts, ERISA plans, and state and local government pension funds. Some SIFMA AMG members have more exposure to the debt of the Commonwealth of Puerto Rico and its instrumentalities than others, but all care deeply about ensuring that Puerto Rico’s financial situation is addressed appropriately, without negatively affecting the broader municipal bond market.

Puerto Rico’s financial crisis is unique and complex, and it therefore requires a unique solution. We believe that the combination of the establishment of a federal oversight board and a restructuring framework that is based on the Territorial Clause of the U.S. Constitution, will create a comprehensive solution to aid Puerto Rico’s economic recovery, improve the island’s financial position, and prevent Puerto Rico’s situation from leading to higher permanent borrowing costs for other municipal issuers.

In particular, SIFMA AMG supports the creation of a federal oversight board with broad powers to enforce and monitor fiscal discipline. We believe this is a practical way to address the current

crisis in Puerto Rico. We support Congressional efforts to ensure that the oversight board will treat creditors fairly and protect valid and legal liens during the restructuring process. SIFMA AMG also supports the inclusion of a provision that allows creditors an opportunity to vote on any debt restructuring plans.

While many details about this legislation remain in flux, we believe the municipal market would and should welcome appropriate Congressional action to address the financial crisis in Puerto Rico. We urge Congress to act quickly before the situation worsens. Thank you for your leadership on this issue. We look forward to partnering with Congress as it works toward final passage of this legislation.

Sincerely,

A handwritten signature in black ink, appearing to read "K. E. Bentsen", with a long horizontal flourish extending to the right.

Kenneth E. Bentsen
President and CEO