

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-81264; File No. SR-MSRB-2017-05)

July 31, 2017

Self-Regulatory Organizations; Municipal Securities Rulemaking Board; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Assess an Underwriting Fee on Dealers that are Underwriters of Primary Offerings of Plans

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act” or “Exchange Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on July 19, 2017 the Municipal Securities Rulemaking Board (“MSRB” or “Board”) filed with the Securities and Exchange Commission (“Commission” or “SEC”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the MSRB. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The MSRB filed with the Commission a proposed amendment to MSRB Rule A-13, on underwriting and transaction assessments for brokers, dealers and municipal securities dealers (collectively “dealers”), to assess an underwriting fee on dealers that are underwriters of primary offerings of plans, as the terms “underwriter” and “plan” are defined under MSRB Rule G-45, on reporting of information on municipal fund securities (the “proposed rule change”).³ The MSRB

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Under Rule G-45(d)(xiv), an “underwriter” shall mean a dealer that is an underwriter, as defined in Rule 15c2-12(f)(8) under the Act, of municipal fund securities that are not local government investment pools.

has designated the proposed rule change for immediate effectiveness. Beginning in May 2018, the Board will invoice underwriters for the assessments due under the proposed rule change. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

The text of the proposed rule change is available on the MSRB's website at www.msrb.org/Rules-and-Interpretations/SEC-Filings/2017-Filings.aspx, at the MSRB's principal office, and at the Commission's Public Reference Room.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the MSRB included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The MSRB has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The purpose of the proposed rule change is to assess an underwriting fee on underwriters to plans to defray the costs and expenses of operating and administering the MSRB. The proposed rule change will amend Rule A-13 to add a new fee on an underwriter to a plan at a rate of .0005% (\$.005 per \$1,000) of the total aggregate assets for the plan underwritten as of

Under Rule G-45(d)(ix), a "plan" is a college savings plan or program established by a state, or agency or instrumentality of a state, to operate as a qualified tuition program in accordance with Section 529 of the Internal Revenue Code of 1986, as amended. The proposed rule change will not apply to underwriters of other types of municipal fund securities.

December 31 each year, as reported on MSRB Form G-45, reporting of information on municipal fund securities. The MSRB believes that the proposed fee is reasonable as well as necessary and appropriate to help defray the costs of operating and administering the MSRB. The MSRB is committed to appropriately and equitably assessing fees across all regulated activities to ensure fairness, and, as summarized below, the MSRB's activity concerning underwriters to plans has historically been funded with minimal fees.

Background

A. MSRB's Regulatory Authority over Dealers and Underwriters to Plans

The MSRB's regulation of dealers that sell interests in and dealers that are underwriters to plans began over 18 years ago. In 1998, after certain states created 529 college savings plans,⁴ the MSRB contacted the SEC to determine whether plan investments were securities and, further, whether they were municipal securities under the federal securities laws.⁵ In early 1999, in response to the MSRB's inquiry, SEC staff informed the Board that "at least some interests in ... higher education trusts may be, depending on the facts and circumstances, 'municipal

⁴ A 529 college savings plan is a plan, as defined under Rule G-45(d)(ix).

⁵ Section 529(b)(1) of the Internal Revenue Code of 1986, as amended (the "Code") provides, in part, that a 529 college savings plan is a "program established and maintained by a State or agency or instrumentality thereof." 26 U.S.C. 529(b)(1).

Although Congress amended the Code to add Section 529 in 1996, the market for 529 college savings plans did not grow significantly until after the enactment of the Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA"). EGTRRA made several improvements, such as permitting distributions to be withdrawn free of federal income tax, if the distributions were used for qualified higher education expenses.

securities’ for purposes of the Exchange Act.”⁶ Based on that guidance, the MSRB began its regulation of dealer and underwriter activity in plans and local government investment pools,⁷ collectively known as municipal fund securities under Rule D-12, “municipal fund security.” Further, the Board expanded its mission to include, among other things, the protection of investors in plans and the public interest by promoting a fair and efficient market for interests in those plans.

To support the MSRB’s regulation of dealers that are underwriters to plans, as well as its mission to protect investors in those plans, the MSRB has engaged in significant rulemaking, market transparency, educational and market outreach initiatives. In addition, the MSRB has provided examination and enforcement support to other regulatory agencies related to dealer activity regarding plans. Those initiatives and support require the Board’s resources, including the resources of its staff and of its Electronic Municipal Market Access (EMMA®)⁸ system.

i. Rulemaking Initiatives

Approximately one third of the MSRB’s general rules specifically address municipal fund securities. The MSRB’s rulemaking relating to dealers that sell interests in and dealers that

⁶ Letter dated February 26, 1999 from Catherine McGuire, Chief Counsel, Division of Market Regulation, SEC, to Diane G. Klinke, General Counsel of the Board, in response to letter dated June 2, 1998 from Diane G. Klinke to Catherine McGuire.

⁷ Local government investment pools (“LGIPs”) are established by state or local governmental entities as trusts that serve as vehicles for the pooled investment of public moneys of participating governmental entities. Although most LGIPs are fully administered by governmental personnel or non-dealer contractors, a limited number of LGIPs involve dealers undertaking transaction-based activities. Such dealers are subject to the MSRB’s rules regarding municipal fund securities.

⁸ EMMA is a registered trademark of the MSRB, and is the official repository for information on virtually all municipal bonds, providing free access to official disclosures, trade data and other information about the municipal securities market.

are underwriters to plans has addressed, among other areas, professional qualifications (e.g., the MSRB added a new permanent category of principal – Series 51– municipal fund securities limited principal – to supervise activities regarding plans under Rule G-3, on professional qualification requirements),⁹ fair practice (e.g., the Board addressed under Rule G-20, on gifts, gratuities, non-cash compensation and expenses of issuance, promotional gifts and “other business logos” of a 529 college savings plan for which a dealer is acting as a distributor,¹⁰ and advertising, including a proposed rule change relating to municipal fund security product advertisements submitted to the Commission on June 22, 2017, under Rule G-21(e), on municipal fund security product advertisements),¹¹ and market transparency (e.g., the Board addressed disclosures in connection with the offering of interests in 529 college savings plans under Rule G-32, on disclosures in connection with primary offerings).¹² Since 2001, the Board has issued over 60 regulatory notices pertaining to plans. Many of those notices provided guidance to dealers regarding the application of existing MSRB rules to plans.

ii. Market Transparency Initiatives

The MSRB has engaged in several market transparency initiatives relating to municipal fund securities. For example, under MSRB Rule G-32, on disclosures relating to primary offerings, an underwriter to a plan, among other things, must submit the official offering

⁹ See Exchange Act Release No. 45652 (Mar. 26, 2002), 67 FR 15844 (Apr. 3, 2002), SR-MSRB-2002-03.

¹⁰ See Exchange Act Release No. 76381 (Nov. 6, 2015), 80 FR 70271 (Nov. 13, 2015), SR-MSRB-2015-09.

¹¹ See Exchange Act Release No. 81060 (Jun. 30, 2017), 82 FR 31644 (Jul. 7, 2017), SR-MSRB-2017-04.

¹² See Exchange Act Release No. 43858 (Jan. 18, 2001), 66 FR 8126 (Jan. 29, 2001), SR-MSRB-00-06.

statement and any amendment thereto, i.e., the program disclosure booklet for the plan it distributes, to the MSRB. To assist the underwriter in making its submission, the MSRB developed a filing portal on EMMA as well as the database for the underwriter's submissions. In addition, to assist an investor with finding the program disclosure booklet for a plan of interest, the MSRB developed an interactive website with a 50-state map that allows the investor to more quickly and easily access that information.

Under Rule G-45, an underwriter must submit information about each plan for which it is an underwriter on a semi-annual basis to the MSRB. To facilitate such submissions, the MSRB developed two methods through which an underwriter could make those submissions to the MSRB so that the underwriter could select the method it prefers (either through the EMMA dataport or through a computer-to-computer interface) as well as developed the database for the submissions. The MSRB continues to enhance the database as well as to assist underwriters to plans by answering inquiries relating to the submission of that data through the MSRB's call center. Further, MSRB staff utilizes the data submitted under Rule G-45 to analyze plans, monitor their growth rate, size and investment options, and compare plans based on fees, costs, and performance.

iii. Educational and Market Outreach

The MSRB has engaged in educational and market outreach both to underwriters to plans and to investors in those plans. That outreach has included: conducting regional compliance seminars for dealers; MSRB staff presentations and attendance at major industry conferences; and the development and distribution of multiple educational pieces to assist dealers and investors in 529 college savings plans, including an investor's guide to 529 college savings plans.

iv. Market Leadership Activities

Beyond its rulemaking, market transparency, educational and market outreach initiatives, the MSRB has engaged in market leadership activities relating to plans. Those market leadership activities, among other things, have resulted in Congressional testimony and in the development of voluntary industry disclosure standards for 529 college savings plan program disclosure booklets.¹³ For example, MSRB staff testified at a 2004 Senate subcommittee oversight hearing on sales and disclosure practices in the 529 college savings plan market. In addition, the MSRB encouraged the College Savings Plans Network to promulgate more comprehensive voluntary disclosure standards and to establish a central information clearinghouse on 529 college savings plans. Further, in 2009, the MSRB submitted a comment letter on the use of 529 college savings plans in advance of the Report on 529 College Savings Plans prepared by the U.S. Department of the Treasury on behalf of the White House Task Force on the Middle Class.

v. Support to Other Regulatory Agencies

To facilitate efficient and effective examination and enforcement of MSRB rules, the MSRB provides support to the regulatory agencies that enforce the MSRB's rules. Those regulatory agencies include the Financial Industry Regulatory Authority, Inc. ("FINRA") and the Commission. That support includes education and guidance about MSRB rules, training of the staff of those regulatory agencies regarding the MSRB rules, and the provision of additional information about plans to support the monitoring of the market for potential misconduct. The MSRB continues and will continue in the future to provide this support.

B. Holistic Review of MSRB Fees

¹³ The MSRB's website discusses the Board's market leadership activities. <http://www.msrb.org/Market-Topics.aspx>.

The MSRB assesses dealers and municipal advisors (collectively, “regulated entities”) various fees designed to defray the costs of its operations and administration, including rulemaking, market transparency, educational and market outreach initiatives that fulfill its Congressional mandate to, among other things, protect investors, state and local governments and other municipal entities by promoting the fairness and efficiency of the municipal securities market. Section 15B(b)(2)(J) of the Act¹⁴ provides, in pertinent part, that each regulated entity shall pay to the Board such reasonable fees and charges as may be necessary or appropriate to defray the costs of operating and administering the Board, and that the MSRB shall have rules specifying the amount of such fees. The current MSRB fees are:

1. Initial registration fee (Rule A-12, on registration)

\$1,000 one-time registration fee to be paid by each dealer to register with the MSRB before engaging in municipal securities activities and each municipal advisor to register with the MSRB before engaging in municipal advisory activities;

2. Annual registration fee (Rule A-12)

\$1,000 annual fee to be paid by each dealer and municipal advisor registered with the MSRB;

3. Underwriting fee (Rule A-13)

\$.0275 per \$1,000 of the par value paid by a dealer, on all municipal securities purchased from an issuer by or through such dealer, whether acting as principal or agent as part of a primary offering – except that this fee does not apply to commercial paper or municipal fund securities, such as interests in plans;

4. Transaction fee (Rule A-13)

¹⁴ 15 U.S.C. 78o-4(b)(2)(J).

- .001% (\$.01 per \$1,000) of the total par value to be paid by a dealer, except in limited circumstances, for inter-dealer sales and customer sales reported to the MSRB pursuant to Rule G-14(b), on transaction reporting requirements – this fee does not apply to the sale of interests in plans;
5. Technology fee (Rule A-13)
\$1.00 paid by a dealer per transaction for each inter-dealer sale and for each sale to customers reported to the MSRB pursuant to Rule G-14(b) – this fee does not apply to the sale of interests in plans;
 6. Municipal advisor professional fee (Rule A-11, on assessments for municipal advisor professionals)
\$300 per Form MA-I on file with the SEC by the municipal advisor – this fee does not apply to dealers/underwriters to plans;
 7. Examination fee (Rule A-16, on examination fees)
\$150 test development fee assessed per candidate for each MSRB examination; and
 8. Late fee (Rule A-11 and Rule A-12)
\$25 monthly late fee and a late fee on the overdue balance (computed according to the prime rate) until paid on balances not paid within 30 days of the invoice date by the dealer or municipal advisor.¹⁵

Begun in 2015, the Board's holistic review of fees that the Board assesses on regulated entities continues. The Board evaluates those fees with the goal of better aligning revenue

¹⁵ In addition, the MSRB charges data subscription and service fees for subscribers, including dealers and municipal advisors, seeking direct electronic delivery of municipal trade data and disclosure documents associated with municipal bond issues. However, this information is available without direct electronic delivery on the EMMA website without charge.

sources with operating expenses and all capital needs. The Board strives to diversify funding sources among regulated entities and other entities that fund MSRB services in a manner that ensures long-term sustainability, while continuing to strike an equitable balance among regulated entities and a fair allocation of the expenses of the regulatory activities, systems development and operational activities undertaken by the MSRB. Proxies used by the Board for fairly allocating to regulated entities the cost of MSRB regulation include, but are not limited to: being registered to engage in municipal securities or municipal advisory activities; the level of dealer market activity; and the number of associated persons engaged in municipal advisory activities on behalf of a municipal advisor. Recognizing that in any given year there could be more or less activity by a particular class of regulated entities, the Board, as it has historically, sought to establish a fee structure that would result in a balanced and reasonable contribution over time from all regulated entities to defray costs and expenses of operating and administering the MSRB.

The Board's most recent evaluation focused on the fees assessed on dealers/underwriters to 529 college savings plans. Of the fees assessed to defray the costs of operating and administering the Board, dealers that sell interests in and dealers that act as underwriters to plans, that do not otherwise engage in the municipal securities business, are subject to three MSRB fees --- the initial and annual registration fees, the examination fees, and the late fees (when applicable). During Fiscal Year 2016, the annual registration fees assessed on all regulated entities accounted for slightly less than 6% of the Board's total revenue, and of that amount, registration fees for dealers/underwriters that engage in transactions relating to plans exclusively accounted for 0.9% of that slightly less than 6% of registration fee revenue, or less than 0.05% of total revenue.

In 1999, the Board requested comment about a draft amendment to Rule A-13 to assess an underwriting fee on underwriters to plans.¹⁶ The draft underwriting fee applicable to underwriters of plans would have been assessed at the same level as the underwriting fee then assessed on underwriters of municipal bonds, but based on the purchase price the investor paid for the interests in the plan, exclusive of any commission. In addition, the draft underwriting fee would not have accounted for the redemption of interests in plans. The Board, however, did not proceed with that draft amendment to Rule A-13. The Board stated that:

Based on the . . . continuous nature of offerings in municipal fund securities, the programmatic nature of most customer investments and the heightened potential that underwriting assessments could create significant financial burdens on issuers to their customers' detriment justify caution in imposing the underwriting assessment.¹⁷

The Board has exercised that caution, and now has determined to assess an underwriting fee on dealers that are underwriters to plans at a level far below the underwriting fee assessed on underwriters of municipal bonds. As noted under "Proposed Rule Change," underwriters, consistent with the Board's long-standing prohibition, will be prohibited under Rule A-13 from charging or otherwise passing through the underwriting fee to issuers of plans.

Proposed Rule Change

¹⁶ See Request for Comments (March 17, 1999) (the "March request"). In response to the March request, commenters submitted that the fee structure for dealers involved in the distribution of 529 college savings plans was more like an administrative fee, and was significantly different from an underwriting discount or commission since such dealers did not undertake underwriting risks. Commenters also urged, if underwriting assessments were assessed, that assessments be lower than the assessments charged in more traditional municipal securities offerings and that the assessments consider any securities that are retired/redeemed. Commenters noted that the underlying mutual funds offered through a 529 college savings plan pay registration fees to the SEC.

¹⁷ See File No. SR-MSRB-00-6 (Apr. 5, 2000).

The proposed rule change will assess an underwriter to a primary offering of a plan an underwriting fee of .0005% of the total aggregate assets of the plan for the reporting period ending December 31 each year, as required to be reported on Form G-45. For the purposes of the proposed rule change, if there are multiple underwriters of the primary offering of the interests in plans identified on Form G-45, the term “underwriter” will be limited to the underwriter identified as the primary distributor in the official statement, i.e., the program disclosure booklet, for the primary offering submitted under Rule G-32. The Board will invoice that primary distributor for the assessment due under the proposed rule change beginning in May 2018.

Specifically, the proposed rule change will amend Rule A-13(a) to reflect the amount of the proposed rule change’s underwriting fee set forth in new subsection (c)(ii). The proposed rule change also will amend Rule A-13 to add new section (b) “underwriting assessments – certain municipal fund securities” to Rule A-13. New section (b) will require that an underwriter to a plan pay an underwriting fee to the Board. As noted above, for the purposes of that new section, if there are multiple underwriters for the plan identified on MSRB Form G-45, the term “underwriter” will be limited to the underwriter identified as the primary distributor in the official statement for the primary offering submitted under Rule G-32 as of December 31 of the relevant year. The proposed rule change will renumber current section (b) of Rule A-13 as section (c). In new subsection (c)(i), the Board will set forth the underwriting assessment for primary offerings subject to assessment in section (a). In new subsection (c)(ii), the proposed rule change will set forth the amount of the assessment of the underwriting fee on underwriters to plans (.0005% of the total aggregate assets for the reporting period ending December 31 each year, as required to be reported on MSRB Form G-45). The proposed rule change will renumber current section (c) of Rule A-13 as section (d) of Rule A-13. Further, the proposed rule change

will renumber current section (d) of Rule A-13 as section (e). New section (e) of Rule A-13 will address the billing procedure as to how the Board will invoice dealers for payment of underwriting assessments and transaction and technology assessments, including dealers that act as underwriters to plans. For the assessments set forth in new sections (c)(i) and (d), the Board monthly will invoice brokers, dealers and municipal securities dealers for payment of underwriting assessments and transaction and technology assessments. For the assessments set forth in new subsection (c)(ii), the Board annually will invoice the underwriter identified in section (b) for the payment of underwriting assessments.

As previously stated, new section (e) will provide that if there are multiple underwriters identified on Form G-45 for the reporting period ending December 31 each year, the Board will invoice the underwriter identified as the primary distributor in the official statement for the primary offering submitted under Rule G-32 of the relevant year. The proposed rule change will renumber current section (e) of Rule A-13 as section (f). The proposed rule change will clarify that the Board's long-standing prohibition on charging or otherwise passing through the fees required under Rule A-13 to issuers applies to all fees assessed under Rule A-13, including underwriting fees assessed on underwriters to plans.¹⁸ Finally, the proposed rule change will renumber current section (f) of Rule A-13 as section (g).

2. Statutory Basis

¹⁸ For over twenty years, the Board has stated that:

the fees paid to the Board under rule A-13 should be characterized by dealers to issuers no differently than the annual fees paid to the Board . . . [under Rule A-12] and any other "overhead" expenses that are incurred by virtue of the dealer engaging in municipal securities business.

Exchange Act Rel. No. 34601 (Aug. 25, 1994), 59 FR 169 (Sept. 1, 1994) (File No. SR-MSRB-94-12).

The MSRB believes that the proposed rule change is consistent with Section 15B(b)(2)(J) of the Act¹⁹ which requires, in part, that the MSRB's rules shall provide that each municipal securities broker, municipal securities dealer, and municipal advisor shall pay to the Board such reasonable fees and charges as may be necessary or appropriate to defray the costs and expenses of operating and administering the Board and that such rules shall specify the amount of such fees and charges.

The MSRB believes that its rules provide for reasonable dues, fees, and other charges among regulated entities. The MSRB believes that the proposed rule change is necessary and appropriate to fund the operation and administration of the Board and satisfies the requirements of Section 15B(b)(2)(J),²⁰ achieving a more equitable balance among regulated entities and a fairer allocation of the expenses of the regulatory activities, system development, and operational activities undertaken by the MSRB.

The proposed rule change will account for the differences between municipal fund securities and other municipal securities. The Board accounts for those differences both in the manner and in the amount of the underwriting fee that the Board will assess on underwriters to plans.

To recognize the continuous nature of offerings in plans, the MSRB will assess the proposed fee in a manner that will be similar to how the SEC assesses registration fees on mutual

¹⁹ 15 U.S.C. 78o-4(b)(2)(J). Section 15B(b)(2)(J) provides that each dealer shall:

pay to the Board such reasonable fees and charges as may be necessary or appropriate to defray the costs and expenses of operating and administering the Board. Such rules shall specify the amount of such fees and charges, which may include charges for failure to submit to the Board, or to any information system operated by the Board, within the prescribed timeframes, any items of information or documents required to be submitted under any rule issued by the Board.

²⁰ Id.

funds pursuant to Rule 24f-2 under the Investment Company Act of 1940, as amended. The MSRB will assess the proposed rule change on the plan's total aggregate assets as of December 31 each year, as reported by an underwriter on Form G-45. Thus, the proposed rule change will account for the redemption of units in plans. Further, to recognize the differences in the commission structure between other municipal securities offerings, such as municipal bonds, and offerings in plans, the Board will assess the proposed rule change at a rate that is significantly lower than the rate the Board uses to assess underwriters subject to assessment under Rule A-13(a) (the amount of the underwriting assessment under Rule A-13(a) is .00275% of the par value of the primary offering).

The proposed rule change will defray the costs of the Board's significant rulemaking, market transparency, educational and market outreach initiatives, market leadership, and inspections/enforcement support relating to underwriters to plans, an industry with approximately \$266 billion in assets as of December 31, 2016, as reported in March 2017.²¹ The proposed rule change will diversify funding sources among regulated entities in a manner that will achieve a more equitable balance among regulated entities and a fairer allocation of the costs, systems, and services among other users and regulated entities. Looking forward to Fiscal Year 2020, the MSRB's pro forma budgets reflect a gradual decrease in reserve levels, even with the new underwriting fee on underwriters of 529 college savings plans, as expenses are projected to increase annually while current sources of revenue are projected to be flat.

B. Self-Regulatory Organization's Statement on Burden on Competition

²¹ See Strategic Insight 529 College Savings & ABLE 1Q 2017 529 Data Highlights available at <http://www.529insiders.com/uploadedFiles/529-Insider/News/2017/January/1Q%202017%20Strategic%20Insight%20529%20Data%20Quarterly%20Highlights.pdf>.

Section 15B(b)(2)(C) of the Act requires that MSRB rules not be designed to impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. In accordance with certain aspects of the Board's policy on the use of economic analysis,²² the Board has reviewed the proposed rule change. The Board believes the proposed rule change is necessary and appropriate to ensure that MSRB registrants that participate in the underwriting activities of plans share in the costs and expenses of operating and administering the MSRB. The MSRB has considered the economic impact of the proposed rule change. The MSRB expects the impact of the proposed rule change to be small and unlikely to negatively impact the competitiveness of the underwriters or underwriting markets for 529 college savings plans.

The proposed rule change will assess an annual fee of 0.0005%, or 1/20th of a basis point, on plan assets to underwriters of plans.²³

In addition, the MSRB does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purpose of the

²² The scope of the Board's policy on the use of economic analysis in rulemaking provides that:

[t]his policy addresses rulemaking activities of the MSRB that culminate, or are expected to culminate, in a filing of a proposed rule change with the SEC under Section 19(b) of the Securities Exchange Act of 1934 . . . other than a proposed rule change that the MSRB reasonably believes would qualify for immediate effectiveness under Section 19(b)(3)(A) if filed as such or as otherwise provided under the exception process of this policy.

Policy on the Use of Economic Analysis in MSRB Rulemaking, available at <http://www.msrb.org/en/Rules-and-Interpretations/Economic-Analysis-Policy>.

²³ The SEC currently assesses a fee for mutual funds sold annually, which in 2017 amounts to 1.159 basis point per year. The fee rate which the SEC assessed for the mutual funds pursuant to Rule 24f-2 under the Investment Company Act of 1940, as amended, is by law, the same rate as the annual rate assessed for registered securities under Section 6(b) of the Securities Act of 1933, as amended. The SEC determines the fee rate at the beginning of each fiscal year.

Act since it will apply equally to all underwriters engaged in a primary offering of interests in plans required to submit data to the MSRB on Form G-45. The assessment will be proportional to the overall size of each plan being underwritten; therefore, the MSRB believes the total fee charged to each underwriter will bear a reasonable relationship to the level of underwriting activities that are undertaken by the underwriter. Moreover, since the proposed rule change's amendment to Rule A-13 will result in an underwriting fee that is de minimus, underwriters of 529 college savings plans that are not subject to Rule G-45 will not have an unfair competitive advantage.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

The Board did not solicit comment on the proposed change. Therefore, there are no comments on the proposed rule change received from members, participants or others.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act²⁴ and paragraph (f) of Rule 19b-4 thereunder.²⁵ At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments

²⁴ 15 U.S.C. 78s(b)(3)(A).

²⁵ 17 CFR 240.19b-4(f).

may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-MSRB-2017-05 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549.

All submissions should refer to File Number SR-MSRB-2017-05. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549 on official business days between the hours of 10:00 am and 3:00 pm. Copies of the filing also will be available for inspection and copying at the principal office of the MSRB. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-MSRB-2017-05 and should be submitted on or before [insert date 21 days from publication in the Federal

Register].

For the Commission, pursuant to delegated authority.²⁶

Eduardo A. Aleman
Assistant Secretary

²⁶ 17 CFR 200.30-3(a)(12).