



September 21, 2017

Ronald W. Smith, Corporate Secretary
Municipal Securities Rulemaking Board
1300 I Street, NW, Suite 1000
Washington, DC 20005

Re: MSRB Notice 2017-17

Dear Mr. Smith:

The College Savings Foundation (CSF) and the College Savings Plans Network (CSPN) are national not-for-profit organizations which work with their members to enhance 529 college savings plans (529 Plans or Plans) and assist American families to plan and save for higher education. CSF and CSPN members include state 529 Plans, program managers, investment managers, broker-dealers, other governmental organizations, law firms, accounting and consulting firms, and non-profit agencies that participate in the sponsorship or administration of 529 Plans.

We appreciate the opportunity to comment on the Municipal Securities Rulemaking Board's (MSRB) proposed amendments to MSRB Form G-45. CSF and CSPN have steadfastly been committed to a transparent 529 marketplace and the broad dissemination of relevant information to those interested in 529 Plans. We know that the MSRB shares this vision and is committed to ensuring the same level of transparency both for MSRB regulatory oversight requirements and for the entire municipal securities market. To that end, we do not oppose the added requirement to report whether an investment option offered by a 529 Plan closes to new investors. That information is readily available and published by each 529 Plan as closure occurs.

However, we have serious concerns over the other components of the proposed changes to Form G-45 as set forth in MSRB Notice 2017-17 (Notice) and as such, we endorse the comments and recommendations made in the Investment Company Institute's September 21, 2017 letter regarding the proposed Form G-45 amendments.

In addition, we would like to offer the following industry insights and expertise to the questions posed in the Notice as follows:

1. Would the draft amendments to Form G-45 achieve their purpose of providing more precise information to enhance the MSRB's ability to understand the 529 plan and ABLE program markets?

We do not believe that the proposed information would serve the purpose of enhancing the MSRB's ability to understand the 529 Plan market. The responsibility of the investment selection and oversight of the investment options that are offered by 529 Plans is ultimately the responsibility of the state administrator. Underwriters do not have the ability to replace an underlying investment. Therefore, it is unclear how the MSRB believes the additional information would be helpful to its oversight of underwriters, or in understanding the 529 Plan market.

The information already being collected by the Securities and Exchange Commission regarding mutual funds is broadly available. Since mutual funds make up the vast majority of the underlying investments offered by 529 Plans, the requested information regarding underlying investments in 529 Plans appears redundant. In addition, most of the proposed amendments to Form G-45 require information that will be costly to prepare, is currently unavailable, and would be difficult to obtain.

2. Do underwriters analyze or receive analyses of the additional investment option information about benchmark return percent and performance data by asset class discussed in this request for comment?

Generally, no. This type of information is not typically tracked. In order to collect such data, underwriters will be required to substantially revise systems and/or negotiate new agreements with service providers who have access to such information.

3. Do underwriters report to issuers or receive reports concerning the additional investment option information about performance data by asset class discussed in this request for comment?

Underwriters do not report to issuers or receive reports concerning the additional investment option information about performance data by asset class discussed in the Notice. The information would not provide additional insight to a state administrator in assessing performance. In addition, professional investment consultants specializing in supporting 529 Plan

administrators generally do not analyze this information as they review the effectiveness of investment options offered by their clients.

4. Do sponsors or trustees of 529 plans or ABLÉ programs, or underwriters thereof, consider any of the additional investment option information concerning the benchmark return percent and the performance data by asset class discussed in this request for comment to be proprietary?

Each state administrator (sponsors and trustees) determines individually whether certain performance information is proprietary. The decision is made on a case by case basis. However, we believe that, in many cases, service providers may find this information to be proprietary.

5. Is there other information that the MSRB should consider collecting about 529 plans and ABLÉ programs on Form G-45?

CSPN and CSF would welcome the opportunity to discuss the regulatory concerns of the MSRB in order to better provide insight and meaningful information to address those concerns. While we are not aware of any additional information that would be helpful to the MSRB, CSPN and CSF are jointly committed to ensuring that investors have access to clear and understandable information regarding 529 Plans and that the MSRB have access to information it may need to achieve its regulatory mandate. To that end, we respectfully request the MSRB staff reach out to both organizations in advance of proposed rulemaking in order to create an open dialogue. This will provide the MSRB with insight from leading industry experts and provide regulated entities sufficient time to reallocate resources to prepare for any such rulemaking.

6. Are there other relevant baselines or alternatives the MSRB should consider when evaluating the economic impact of the draft amendments to Form G-45?

In evaluating potential rulemaking, we suggest that the MSRB consider the actual cost to the 529 Plan underwriter and, thereby, the resulting cost to the state administrator and, more importantly, investors. The addition of significant reporting obligations by underwriters may result in increased costs which will, in turn, limit a 529 Plan's ability to pass on the benefits of operating efficiencies, including fee reductions, to its participants.

7. If the draft amendments to Form G-45 were adopted, what would be the likely effects on competition, efficiency and capital formation?

We believe the likely effects on competition, efficiency and capital formation will be quite negative. The additional cost to collect and maintain data with limited use places an unnecessary burden on the 529 Plan and will lead to increased inefficiencies.

8. Are there data or studies relevant to the evaluation of the benefits and costs of the draft amendments to Form G-45 that the MSRB should consider?

a. Are there data relevant to the evaluation of the per firm cost of implementing the draft amendments to Form G-45?

b. How likely is it that underwriters would use a third-party consultant or vendor to calculate and validate the weighted annual total return of a benchmark index, as well as the annual total return of each asset class?

c. Is there an estimate of the cost of hiring a third-party consultant to calculate and validate the annual returns?

d. What is the estimated potential increase in investment into 529 plans and ABLE programs due to the benefits of enhanced regulatory disclosure?

We are not aware of data or studies specific to the 529 Plan marketplace that are relevant to the evaluation of the benefits and costs of the draft amendments to Form G-45. However, it is expected that many underwriters may need to hire third party vendors to complete a technology build that is expected to be excessive in relation to the benefit to the MSRB of the information requested.

Based upon the diverse nature of 529 Plans, it is difficult to generalize as to the cost to comply with these proposed amendments. The cost will fluctuate based on the internal resources available to the underwriter, the number of investment options and type of investment options offered by a particular 529 Plan. The cost to comply with the proposed amendments will also depend upon the cooperation and goodwill of service providers that are not required to provide this information. In addition, the proposed amendments may have the unfortunate impact of making multi-fund target date type products more difficult to administer and less likely to be recommended by underwriters to state administrators as possibly investment options for a 529 Plan.

We believe that the additional information requested by the MSRB will have no impact on investors' consideration or review of or investment in 529 Plans.

9. What specific changes would underwriters need to make to their systems to implement the draft amendments to Form G-45?

We are hopeful that the MSRB will reach out to Form G-45 filers to conduct additional research into the systems costs involved in preparing the data requested by the proposed amendments to Form G-45.

We again appreciate the opportunity to comment on this matter and ask that you please do not hesitate to call us with any questions or for more information. You may reach CSF by calling Kathy Hamor at (703) 224-8083 and CSPN by calling Chris Hunter at (859) 721-2181.

Sincerely,



Chairman
College Savings Foundation



Chairman
College Savings Plans Network