



December 21, 2012

By Electronic Delivery

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

Re: College Savings Foundation's Comments on MSRB Notice 2012-59:  
*Second Request for Comment on Draft Rule Requiring Underwriters to Submit  
529 College Savings Plan Information to the MSRB*

Dear Mr. Smith:

The College Savings Foundation ("CSF") is a not-for-profit organization with the mission of helping American families achieve their education savings goals by working with public policy makers, media representatives, and financial services industry executives in support of 529 college savings plans ("529 Plans" or "Plans"). CSF serves as a central repository of information about college savings programs and trends and as an expert resource for its members as well as representatives of state and federal government, institutions of higher education and other related organizations and associations. CSF's members include state 529 Plans, 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 cooperative spirit and conversational manner in which the Municipal Securities Rulemaking Board (the "MSRB") has approached this issue with industry participants and the responsiveness it has shown to some of their concerns. The MSRB's revision of reporting frequency and reporting deadlines, definitional changes, and a lengthier implementation period have addressed a large percentage of the concerns expressed and are very much welcomed by our members. We remain committed to a transparent 529 marketplace and a broad dissemination of relevant information to those interested in 529 Plans. We also take this opportunity to reiterate our strong desire both to work with the MSRB in its efforts to gain a better understanding of the industry and also to continue this dialogue in order to produce an

efficient, fair, and effective data collection process. To that end, we offer the following comments on Notice 2012-59.

### **I. Inclusion of certain elements of CSPN Disclosure Principles Statement No. 5**

CSF welcomes the adoption of the College Savings Plan Network's ("CSPN") Disclosure Principles Statement No. 5 (the "Disclosure Principles") for certain definitions and the reporting format of fee and expense structures and performance data. If properly incorporated, the Disclosure Principles will make the transition to the reporting process envisioned in Notice 2012-59 less cumbersome and more efficient. As such, we ask that the relevant provisions of the Disclosure Principles be fully incorporated into G-45, Form G-45, and/or the Form's instructions, including Disclosure Principle ¶3(F) and (G). Doing so will permit G-45 to take full advantage of the Disclosure Principles' detailed and flexible method of reporting fee, expense, and performance data for both Advisor-Sold and Direct Sold programs. We would ask the MSRB to continue the discussion on this point by distributing a draft copy of Form G-45 and its instructions for comment prior to their adoption.

In addition, in reporting fees under Form G-45(ii)(D), it should be made clear that a Plan is reporting fees as of the most recent offering document since most Plans issue offering documents once per year and G-45, as currently written, calls for semi-annual reporting.

### **II. Reporting of Total Assets in Each Investment Option**

Under Form G-45(iii)(A), a Plan is to report total assets in each investment option at the end of each semi-annual period. The MSRB has stated that, for the moment, none of the information submitted will be reported publicly but has indicated that, at some point, certain information will be published. CSF again raises its concerns about publicly providing data at the investment option level as it could be misleading to some investors who might draw erroneous conclusions about investment options based primarily or solely on assumptions about an option's popularity. For example, at certain periods, more conservative investment options experience negative flows because accounts are being used to pay college costs; all a potential investor might see would be the negative flows and assume the option was unattractive without understanding why net contributions were negative.

### **III. Implementation**

Comments from members were also received concerning the implementation of G-45 and enforcement of its requirements. These include concerns that the implementation deadline of one year is still too aggressive, with 18 months to two years being suggested as a more reasonable time frame. This concern may have been expressed due to reports that the MSRB may levy fines against those who are not in compliance with G-45's requirements. In addition, there was concern expressed about the uncertainty of when MSRB would shorten G-45's reporting periods from semi-annual to quarterly and reporting deadlines from 60 days to 30.

The 529 industry continues to refine its data collection and reporting efforts and is committed to transparency and data integrity. These efforts will impact the quality of any reporting to the MSRB and should be considered in the timing of any reporting requirements.

Thank you again for providing an opportunity to comment on Notice 2012-59. We hope our comments and our actions as an industry convey our commitment to ensuring that the marketplace is equipped with meaningful, accurate information regarding 529 Plans. Please do not hesitate to contact us with any questions or for more information. You may reach CSF by calling Kathy Hamor at (703) 351-5091.

Sincerely,

A handwritten signature in black ink, appearing to read "Roger Michaud". The signature is fluid and cursive, with a large initial "R" and a long, sweeping tail.

Roger Michaud  
Chairman,  
College Savings Foundation