

March 16, 2007

Nancy M. Morris
Secretary
Securities and Exchange Commission
Station Place
100 F Street N.E.
Washington, D.C. 20549-1090



Re: File No. SR-MSRB-09

The College Savings Plans Network ("CSPN"), the national organization of States that establish and administer Section 529 Plans, respectfully submits these comments to changes to Rules G-21 and G-27 proposed by the Municipal Securities Rulemaking Board (the "MSRB") (the "Proposed Amendments") and to the proposed interpretive notice proposed by the MSRB (the "Proposed Interpretation") included in Release No. 34-55302, as published in the Federal Register on February 23, 2007. CSPN wants to take this opportunity to recognize the diligence, flexibility and creativity that the MSRB has shown in its ongoing efforts to produce a workable set of provisions to address this difficult topic. We believe that the Proposed Amendments in their current form represent a substantial improvement over the changes that were initially proposed and that, in general, they may be feasibly implemented.

Such implementation, however, would require college savings plans and their associated broker-dealers to address several points that we believe remain unclear in the Proposed Amendments, would be unduly costly to implement in their present form, or would overly restrict our ability to make college savings information available to specific populations, such as existing account owners or potential account owners who have responded to a blind advertisement. Initial clarification of these points would permit college savings plans and their associated broker-dealers to avoid uncertainty and, in connection with cost disclosure, potentially substantial cost in adjusting their existing advertising procedures to conform to the Proposed Amendments. Clarification would also avoid the need for subsequent MSRB interpretation. Some points requiring such clarification are briefly discussed below. As noted, CSPN is also concerned with certain interpretive statements included in MSRB Notice 2006-32 and in Release No. 34-55302, that it strongly believes are not required by the text or purpose of the Proposed Amendments, may be interpreted to unduly limit the provision of appropriate information concerning tuition savings, and should be revised.

- (a) CSPN urges clarification of the definition of “form letter” that would be added as new subsection (ii) to Section (a) of Rule G-21 by the Proposed Amendments to establish that transaction confirmations and periodic statements sent to account owners (along with any messages printed thereon, enclosed therewith or attached thereto) constitute “form letters” for purposes of Rule G-21. This should be the case regardless of whether the tuition savings program, or any applicable plan therein, is identified in or adjacent to the text of such messages. Such messages are an essential means of transmitting program information to account owners, all of whom are required to have received full disclosure, and should in no event be considered as advertising subject to requirements intended to safeguard the investing public at large.
- (b) In addition, the second and third sentences included in MSRB Notice 2006-32 under the caption “DESCRIPTION OF PROPOSED RULE CHANGE—General Disclosure Requirements for Municipal Fund Securities — Communication with Existing Customers” may be interpreted in an unduly restrictive manner because of the reliance of these sentences upon the term “related” without further definition. This possibility should be avoided by adding a sentence establishing that, for this purpose, municipal fund securities shall be deemed to be related if offered by the same tuition savings program and described by a single official statement. A conforming change should be made to the second and third sentences included in Release No. 34-55302 under the caption “ — Communications with Existing Customers.”
- (c) The changes included in the Proposed Amendments to Section (e)(i)(A)(3) of Rule G-21 and new subsection (i)(A)(4)(a)(iii) to be added to Section (e) of Rule G-21 should be clarified to establish that the cost information required to be disclosed is solely the cost information that is actually applicable to the municipal fund securities, rather than other information that may be generally applicable to any underlying investment. For example, the actual cost of investing in a tuition savings program that only assesses a single, unitary, fixed fee for investment in any program investment option could be extremely unclear to a potential investor if the advertisement must list the expense ratio for the mutual fund in which the option invests. In such a scenario, a potential investor could draw the erroneous conclusion that he or she would be required to pay both the fixed fee and the underlying fund expense. Another scenario which could lead to misperceptions about the actual fees and expenses applicable to investors in a particular tuition savings program involves a program that assesses both a fixed management fee and underlying expense charges. If an investment portfolio within a tuition savings program invests in multiple mutual funds similar to a fund of funds, it should not be necessary to identify in a performance advertisement about such investment portfolio each separate expense charge applicable to each separate mutual fund included in the investment portfolio. Rather, it should suffice to set forth a single blended expense charge that is calculated by combining the appropriately weighted expense charges of all of the underlying mutual funds in the portfolio. These approaches would be necessary in order to avoid confusing or misleading statements about the costs that would actually be assessed on investors in municipal fund securities, as opposed to investors who acquire the same underlying mutual fund investments directly. Moreover, a tuition savings

program's costs may reflect discounts from those generally applicable to one or more of the underlying investments or may be uniform across all investment alternatives offered, in which case reference to specific underlying fund expense charges could divert the investor's attention away from a positive fee scenario and obfuscate the actual expense charges directly applicable to the investor. In addition, CSPN requests clarification on how frequently updates must be made to the total annual operating expense ratios that will be reported in advertisements containing performance data for municipal fund securities. Tuition savings programs already disclose the total annual operating expense ratio for each investment option in their official statements. We presume that any advertisements containing performance data, including performance tables on a program's website, need only disclose the total annual operating expense ratios as reported in the most recent official statement for the program.

Finally, in view of the complexity of implementing this provision, and the need for public entities administering tuition savings plans and their associated broker dealers to coordinate their efforts to effect such implementation on the basis of its final form, CSPN would respectfully request that this provision be implemented by broker-dealers no sooner than 15 days after the end of the calendar quarter following the effective date proposed in (f) below, which includes a sixty-day grace period to enable broker-dealers to make appropriate revisions to operating procedures. Conforming changes should be made to the language included in Release No. 34-55302 under the caption " — Disclosure of Fees and Expenses in Advertisements and Correspondence."

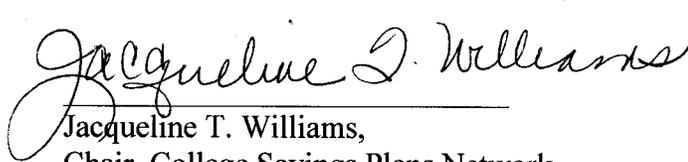
- (d) The discussion included in MSRB Notice 2006-32 under the caption "TEXT OF PROPOSED INTERPRETIVE NOTICE — Blind Advertisements" and in the fourth paragraph included in Release No. 34-55302 under the caption " — Blind Advertisements", while partially responsive to comments to Notice 2006-26 that were submitted by CSPN, still does not reflect a full appreciation of the manner in which tuition savings accounts are typically established or of the realities of marketing these accounts. CSPN believes that there is no need for a requirement that a "distinct barrier between the providing of information and the seeking of orders" be maintained as described in the first sentence of the second paragraph of this discussion. While it is doubtful that such a requirement would meaningfully protect potential investors who have evidenced an interest in initiating an order, it may be expected to discourage such persons from actually establishing accounts. This is especially true of any requirement that the potential investor's indication of interest be responded to by transferring him or her to another person or webpage as described in the second sentence of this discussion, which is likely to cause nontrivial incidences both of accidentally dropped calls and of voluntary abandonment by frustrated potential investors. Such barriers to the establishment of accounts by individuals who have already chosen to respond to a blind advertisement neither protect the investing public nor effect the policy of encouraging college savings. CSPN continues to believe such barriers to be unnecessary in the context of individuals who have proactively sought college savings information in this manner, particularly in light of the mechanics of establishing a tuition savings account, which typically require a signed account

application and acknowledgement of delivery of disclosure in connection with the establishment of an account.

- (e) The discussion included in MSRB Notice 2006-32 under the caption “TEXT OF PROPOSED INTERPRETIVE NOTICE—Required Annual Reports Excluded from Definition of Advertisement”, while generally helpful, is too narrow to the extent that it recognizes only actual state laws or formal administrative rulemaking as the means by which a dealer may be required to prepare or distribute information regarding a tuition savings program or included in the plan. This limitation is unnecessary to protect the investing public as a whole to the extent that such requirements typically address the distribution of information to existing customers. It is also both arbitrary and unnecessarily intrusive upon state discretion in administering their tuition savings programs in that it provides relief only in connection with programs operated under statutes that include disclosure requirements or administered by public entities that are authorized to adopt administrative rules or regulations and that choose to address their customer’s need for such information by exercising this authority. Some programs, however, are administered by public entities, such as trusts, that lack this authority or that choose to require dealers to prepare and provide such information as a contractual matter. Accordingly: (i) the first sentence should be revised to read “In some...be required by the...or program.”; and (ii) the second sentence should be revised to read “So long...manner so required, such report...Rule G-21.” A conforming changes should be made to the sentence included in Release No. 34-55302 under the caption “ — Required Annual Reports Excluded from Definition of Advertisement.”
- (f) CSPN would respectfully request that all of the Proposed Amendments become effective immediately upon publication of the Adopting Notice in the Federal Register (rather than April 1, 2007) except the new subsection (i)(A)(4)(a)(iii) to be added to Section (e) of Rule G-21. With respect to new Section (e)(i)(A)(4)(a)(iii), we respectfully request that the general effective date for this amendment be changed to the sixty (60) days subsequent to publication of the Adopting Notice in the Federal Register (rather than April 1, 2007), with required implementation by broker dealers set for fifteen (15) days after the end of the calendar quarter following this effective date.
- (g) While CSPN is generally in agreement with the interpretive guidance published in MSRB Notice 2006-32, we respectfully request that the Adopting Notice contain any modifications to the Proposed Interpretation that would be appropriate to conform it to any of the recommendations contained herein, which are incorporated into the Adopting Notice.

Thank you for your consideration of these comments. I would be pleased to have the opportunity to discuss with you any of the matters addressed in this letter or any other aspects of the Proposed Amendments or of the Proposed Interpretation.

Very truly yours,



Jacqueline T. Williams,
Chair, College Savings Plans Network