



VOICE OF INDEPENDENT FINANCIAL SERVICES FIRMS
AND INDEPENDENT FINANCIAL ADVISORS

VIA ELECTRONIC MAIL

July 28, 2017

Brent J. Fields, Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549

Re: File Number SR-MSRB-2017-04

Dear Secretary Smith:

On July 7, 2017, the Municipal Securities Rulemaking Board (MSRB) filed a proposed rule change with the U.S. Securities and Exchange Commission (SEC) amending MSRB Rule G-21 (e) on municipal fund security product advertisements (Proposed Rule Change). The proposed rule change would amend Rule G-21(e) to: reflect relevant regulatory developments; enhance the “out-of-state disclosure obligation” about the potential other benefits an investor may be provided by investing in a 529 college savings plan offered by the home state of the investor or of the designated beneficiary; clarify that certain advertisements that contain performance data may include a hyperlink to a website that contains more recent performance data; and include several revisions that are designed to promote understanding of and compliance with the rule.

The Financial Services Institute¹ (FSI) appreciates the opportunity to comment on this important proposal. The MSRB originally proposed the amendments in the Proposed Rule Change as part of a broader request for comment on updating and harmonizing certain provisions of its municipal securities dealer advertising rule and establishing similar advertising regulations for municipal advisors. FSI’s comments on that proposal supported the Proposed Rule both for its content and because it serves to further harmonize rules applicable to our members across regulatory jurisdictions. As a continuation of the previous proposal, these proposed changes appear largely administrative in nature

Background on FSI Members

The independent financial services community has been an important and active part of the lives of American investors for more than 40 years. In the US, there are approximately 167,000 independent financial advisors, which account for approximately 64.5% percent of all producing registered representatives.² These financial advisors are self-employed independent contractors, rather than employees of the Independent Broker-Dealers (IBD).

¹ The Financial Services Institute (FSI) is an advocacy association comprised of members from the independent financial services industry, and is the only organization advocating solely on behalf of independent financial advisors and independent financial services firms. Since 2004, through advocacy, education and public awareness, FSI has been working to create a healthier regulatory environment for these members so they can provide affordable, objective financial advice to hard-working Main Street Americans.

² The use of the term “financial advisor” or “advisor” in this letter is a reference to an individual who is a registered representative of a broker-dealer, an investment adviser representative of a registered investment adviser firm, or a dual registrant. The use of the term “investment adviser” or “adviser” in this letter is a reference to a firm or individual registered with the SEC or state securities division as an investment adviser.

FSI's IBD member firms provide business support to independent financial advisors in addition to supervising their business practices and arranging for the execution and clearing of customer transactions. Independent financial advisors are small-business owners with strong ties to their communities and know their clients personally. These financial advisors provide comprehensive and affordable financial services that help millions of individuals, families, small businesses, associations, organizations, and retirement plans. Their services include financial education, planning, implementation, and investment monitoring. Due to their unique business model, FSI member firms and their affiliated financial advisors are especially well positioned to provide Main Street Americans with the financial advice, products, and services necessary to achieve their investment goals.

FSI members make substantial contributions to our nation's economy. According to Oxford Economics, FSI members nationwide generate \$48.3 billion of economic activity. This activity, in turn, supports 482,100 jobs including direct employees, those employed in the FSI supply chain, and those supported in the broader economy. In addition, FSI members contribute nearly \$6.8 billion annually to federal, state, and local government taxes. FSI members account for approximately 8.4% of the total financial services industry contribution to U.S. economic activity.³

Discussion

FSI appreciates the opportunity to comment on the MSRB Proposed Rule Change. As previously stated in our March 24, 2017 comment letter attached to the Proposed Rule Change filing, FSI supports the proposed updates and changes to MSRB rules. First and foremost, FSI and our members believe the changes to information provided to investors contain relevant and useful information and will serve to ensure investors are making informed decisions regarding their investment in a 529 Plan.

Additionally, FSI strongly supports regulatory harmonization as consistency in rules promulgated by financial regulators increases our members' ability to confidently and efficiently follow regulatory requirements. Consistency amongst regulators also reduces regulatory arbitrage while increasing confidence in our markets and promoting innovations in the industry. As such, FSI supports MSRB's efforts and urges the SEC to adopt the Proposed Rule Changes.

Conclusion

We are committed to constructive engagement in the regulatory process and welcome the opportunity to work with the SEC on this and other important regulatory efforts. Thank you for considering FSI's comments. Should you have any questions, please contact me at [REDACTED].

Respectfully submitted,



Robin Traxler, Esq.
Vice President, Regulatory Affairs & Associate General Counsel

³ Oxford Economics for the Financial Services Institute, The Economic Impact of FSI's Members (2016).