

MEMO# 25360

July 28, 2011

MSRB Seeks Comment on Proposal to Require Dealers to Report More Fulsome Information Regarding 529 Plans on EMMA

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TO: 529 PLAN ADVISORY COMMITTEE No. 5-11

529 PLAN MEMBERS No. 5-11

MUNICIPAL SECURITIES ADVISORY COMMITTEE No. 37-11 RE: MSRB SEEKS COMMENT ON PROPOSAL TO REQUIRE DEALERS TO REPORT MORE FULSOME INFORMATION REGARDING 529 PLANS ON EMMA

The Municipal Securities Rulemaking Board (“MSRB”) is seeking comment on a proposal to require dealers that act as primary distributors of 529 plans to report more fulsome information to the MSRB regarding those plans. [*] As you may know, since June 1, 2009, the MSRB’s rules have required 529 plan distributors to submit plan disclosure documents and supplements to the MSRB’s Electronic Municipal Market Access system (“EMMA”). Also, since July 1, 2009, states have been submitting continuing disclosures regarding their 529 plans (e.g., financial statements) to EMMA. Of concern to the MSRB is that it does not currently collect or make available to the public other meaningful information regarding 529 plans such as their assets, contributions, withdrawals, and underlying investment portfolios. The MSRB seeks to address this concern by proposing to collect and disseminate free through EMMA this more fulsome 529 plan information. This information would also assist the MSRB in understanding the market for 529 plans in order to better inform its activities. The particular issues on which the MSRB seeks comment are set forth below.

Comments on the proposal are due to the MSRB by Wednesday, August 31st. The Institute will hold a conference call on Thursday, August 4th at 2 p.m. Eastern to discuss the proposal and the Institute’s comment letter. If you plan to participate on the call, please let Gwen Kelly know by email (gwen.kelly@ici.org) as soon as possible, but no later than Monday, August 1st. If you are unable to participate in the call but have comments on the MSRB’s proposal, please provide them to the undersigned at your earliest convenience by phone (202-326-5825) or email (tamara@ici.org).

According to the MSRB's Notice, the additional information ("data points") that the MSRB believes would enhance the information currently provided on EMMA includes each of the following:

- Total aggregate assets held in 529 plans;
- Total assets held in each 529 plan, reported on a quarterly basis;
- Types of underlying investment portfolios available in each 529 plan and total assets invested in each such portfolio;
- Total quarterly contributions in dollars to each 529 plan and to each underlying investment portfolio; and
- Total quarterly withdrawals in dollars from each 529 plan and from each underlying investment portfolio.

In addition to the items on this list, the MSRB seeks comment on the following:

1. Is there additional information that may be helpful for the MSRB to collect and either disseminate to the public or maintain for its own purposes but not provide to the public?
2. What would be the appropriate period for updating the various pieces of information?
 - a. Do dealers that act as primary distributors of 529 plans have the ability to collect and report plan level contribution/withdrawal data quarterly?
 - b. Would quarterly reporting of certain information be burdensome?
3. Would any of the information on the above list be considered proprietary and withheld from public disclosure?
4. How can EMMA's presentation of information be improved to better serve investors and the general public?
5. Should EMMA be programmed to facilitate investors' comparison of plan information, such as the fee information reported in plan disclosure documents?
6. Should the MSRB adopt a rule to permit the dissemination of plan disclosure documents electronically so that dealers could advise customers that such documents are available for free electronically (e.g., via EMMA) and that a printed version would be provided upon request?

To facilitate our discussion of this proposal and these issues during next week's call, it would be helpful if members consider the above issues in advance of the call.

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endnotes

[*] See MSRB Seeks Comment on Proposal to Collect and Disseminate 529 College Savings Plan Data, MSRB (July 19, 2011) (the MSRB's "Notice"), which is available at: <http://www.msrb.org/News-and-Events/Press-Releases/2011/MSRB-Seeks-Comment-on-Proposed-Plan-to-Collect-and-Disseminate-529-Plan-Data.aspx>.