

September 22, 2006

Via FedEx and email

Ernesto Lanza
Senior Associate General Counsel
Municipal Securities Rulemaking Board
1900 Duke Street – Suite 600
Alexandria, VA 22314

Re: MSRB Notice 2006-19 – Access Equals Delivery

Dear Mr. Lanza:

The College Savings Plans Network (“CSPN”), the national organization composed of States that establish and administer Qualified Tuition Plans under Section 529 of the Internal Revenue Code of 1986 (“Section 529 Plans”), wishes to thank you for the opportunity to comment on the MSRB’s recent Notice 2006-19 regarding an Access Equals Delivery Standard for Official Statement Dissemination. In general, we are in favor of an Access Equals Delivery Standard. We are happy to provide you with the following requested comments with respect to particular aspects of a potential Access Equals Delivery Standard as applied to Section 529 Plans.

Electronic Official Statements

You have asked for comments on *“the current availability of electronic official statements from issuers and the factors affecting future growth in such availability. The MSRB also seeks comment on the nature and level of potential burdens of requiring that all submissions under Rule G-36 be undertaken in electronic format. Further, the MSRB currently requires that electronic official statement submissions be made solely as portable document format (pdf) files. The MSRB requests comment on the advisability of accepting other electronic formats, what such other formats should be and whether such other formats create inappropriate risks for or burdens on issuers, dealers or investors.”*

Most 529 Plans, other than certain prepayment plans, are offered on a continuous basis.¹ Offering Materials² are currently available for download online through each Plan’s

¹ Prepaid College Savings Plans generally have a limited enrollment period associated with a set of prices for purchasing years or units toward college tuition and fees. Prepaid College Savings Plans generally are administered solely by State administrators and not offered or sold by municipal securities dealers, and do not constitute securities in the traditional sense. Accordingly, they would generally be excluded from any official statement dissemination requirements imposed by the MSRB’s rules and are not addressed by this letter.

website. All Offering Materials are also available through the CSPN website via link to each 529 Plan's website. Many account owners currently receive full Offering Materials in this fashion before opening an account. Before enrolling in a 529 Plan online or via paper application, each 529 Plan requires the investor to acknowledge the Offering Materials (or, minimally, the official statement). In addition, a significant number of municipal fund securities dealers that distribute 529 Plans currently file official statements for their respective 529 Plan issuers with the MSRB in an electronic format, rather than in a hard copy format. Consequently, implementation of the Access Equals Delivery Standard by any municipal fund securities dealers that choose to take advantage of that option if available should not be difficult.

Because Offering Materials are already provided in an electronic format and many investors enroll online, CSPN would generally support permitting official statement delivery requirements to be satisfied via an electronic access portal. In addition, since each 529 Plan prepares its online materials in PDF file format, we would be in favor of continuing the current MSRB electronic file format as long as the security of PDF files was maintained.

Centralized Website vs. Decentralized System

You have asked for comments on "*whether a centralized website where all official statements for issues in their new issue disclosure period are feely available to the public would be preferable to a decentralized system in which issuers, financial advisors, underwriters, information vendors, printers and others post their respective official statements for the required period, with a central index providing hyperlinks to the official statements.*" You also asked for comment on whether the MSRB should undertake the centralizing function, or whether there are other market participants or vendors who could undertake those duties.

As noted above, CSPN's website currently provides centralized access to the full text of the Offering Materials made available by 529 Plans on their respective websites. As you know, we are in the process of enhancing our website. The enhancements and additions we make to our site should satisfy any Access Equals Delivery Standard developed for

² For purposes of this letter, any reference to Offering Materials pertains to the definition of Offering Materials contained in the College Savings Plan Network Disclosure Principles Statement No. 2, dated July 26, 2005 as follows: "all documents identified by the State Issuer as intended to provide substantive disclosure of the terms and conditions of an investment in its Savings Plan. Such Offering Materials may include appendices and physically separate documents. Offering Materials do not include marketing materials or advertisements that do not include substantive disclosure of such terms and conditions or that refer to the Offering Materials as the definitive statement of such terms and conditions. The Offering Materials should present information in a clear, concise and understandable manner." The Offering Materials would include any official statement required to be delivered to the MSRB by a municipal securities dealer.

529 Plans without the need for the MSRB to itself furnish electronic access to the official statements included in the Offering Materials. Because the 529 Plan market is a retail market, utilizing the CSPN website as the centralized access point for electronic disclosure would assist in limiting investor confusion and would support CSPN's efforts over the past several years, with MSRB assistance, to assure the ability of current and prospective account owners to readily obtain 529 Plan disclosure from a centralized website that facilitates their comparison of 529 Plans.

Rule Changes

You have asked for comment on "whether the "access equals delivery" model should be available on all new issues or whether certain classes of new issues should continue to be subject to a physical delivery requirement. For example, the SEC did not make the "access equals delivery" model available for mutual fund sales. Should this model be made available in connection with the sale of municipal fund securities, including interests in 529 college savings plans?"

CSPN would like to take this opportunity to identify several questions and concerns relative to the implementation of an Access Equals Delivery Standard with respect to 529 Plans in light of the facts that (i) they are continuously offered, (ii) a general industry practice has developed of delivering the Offering Materials prior to or at the time of sale and (iii) mutual fund securities have not been included in an Access Equals Delivery Standard. We believe that these factors indicate that some modifications or clarifications to the Access Equals Delivery Standard may be appropriate. We have four basic concerns about adoption of the Access Equals Delivery Standard for 529 Plans.

First, the Access Equals Delivery Standard as currently implemented by the Securities and Exchange Commission (SEC) requires a notice to investors that refers investors to EDGAR for retrieval of the final prospectus in lieu of physical delivery of the final prospectus. As noted above, the 529 Plan industry practice, consistent with the general practice for the offering and sale of municipal bonds, is to deliver Offering Materials to 529 Plan investors prior to or at the time of the sale. In contrast to the offer and sales process for municipal bonds, however, there is no "pricing" involved in the sale of 529 Plan securities, and therefore, no distinction between a "preliminary" official statement delivered prior to or at the time of sale and a "final" official statement delivered subsequent to sale. Therefore, for the Access Equals Delivery Standard to achieve the economies and efficiencies that are intended, it would need to be clear that the "final" official statement includes Offering Materials whether delivered prior to, at the time of, or subsequent to the sale.

Second, it may be necessary to modify the Access Equals Delivery Standard to accommodate the continuous offering nature of 529 Plans and the fact that, while 529 Plan Offering Materials are generally updated at least annually (and often more frequently), this does not take place on a predetermined schedule. As a general rule,

updates to Offering Materials are distributed to current plan participants as well as included in subsequently distributed enrollment kits and added to the PDF file available online for the benefit of new investors. Presumably, both (i) a statement in Offering Materials that revised or new Offering Materials will be made available through posting on the 529 Plan website, and on any applicable centralized website; and (ii) posting on the 529 Plan website, and on any applicable centralized website; of notice of the availability of revised or new Offering Materials, would be required in order for the Access Equals Delivery Standard to be relied upon in connection with a particular sale.

We believe that consideration should be given to what, if any, additional notice to current 529 Plan participants of revised or new Offering Materials should be required. It may be possible to email a notice to an investor that provided an email address. The use of email, however, is subject to the risk that the investor may change addresses without notifying the 529 Plan. While some 529 Plans are able to ensure that paper delivery is reinstated if the email address provided by the investor fails, not all 529 Plans currently have the capability to distribute participant-wide email notices. It may be more appropriate for a 529 Plan Access Equals Delivery Standard to remain as the current "opt-in" system utilized to satisfy municipal securities dealer official statement delivery requirements. The opt-in system involves a presumption that investors would receive hard copies of Offering Materials and any updates to those materials unless they affirmatively elected to participate in the Access Equals Delivery process when presented with the option in a written election form.

Third, if 529 Plan materials were hosted on a website other than CSPN's website (or a 529 Plan's own website), we have some concerns about how security would be maintained with regard to the Offering Materials (or at least the official statement) of each 529 Plan. Each issuer of a 529 Plan would need assurance that the Offering Materials delivered to a centralized website would become publicly available on the website exactly as transmitted by the issuer or the municipal fund securities dealer distributing the 529 Plan.

Fourth, we note that the SEC has yet to adopt an Access Equals Delivery Standard for mutual fund securities. Since most 529 Plan investment options are invested in mutual funds, we assume that the SEC would be reluctant to approve an Access Equals Delivery Standard for municipal fund securities unless its concerns relating to use of such a standard for mutual funds were addressed. We are concerned that any standard adopted by the MSRB may be in conflict with the SEC's current position or a standard later adopted by the SEC or result in duplicated delivery or notice requirements for the municipal securities dealers that distribute 529 Plans. However, we note that Offering Materials for 529 Plans tend to be substantially more voluminous than mutual fund prospectuses, and that the cost-benefit analysis involved in avoiding a requirement of physical delivery, with its attendant printing and mailing costs, may tilt more in favor of an Access Equals Delivery Standard in the context of 529 Plans, especially since the

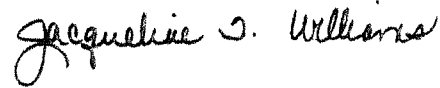
Ernesto Lanza
September 22, 2006
Page 5

360 of 494

costs associated with physical delivery are a not insignificant factor in the level of fees that 529 Plans are required to assess to customers.

We applaud your efforts to streamline the dissemination of official statements and would be happy to discuss any of our questions, concerns and observations with you at your convenience. You may contact Elizabeth Bordowitz, Chair, CSPN Lawyer's Committee at (207)-623-3263, Ext. 223 or Mary Anne Busse at (248) 990-3886. Thank you, again for the opportunity to offer our observations on Access Equals Delivery.

Very truly yours,



Jackie T. Williams, Chair
College Savings Plans Network