



November 3, 2010

Ms. Elizabeth Murphy
Secretary
United States Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

RE: SEC Release Nos. 33-9128; 34-62544; IC-29367 (July 21, 2010), 75 FR 47064 (August 4, 2010) (the "12b-1 Release" or the "Release")

Dear Ms. Murphy:

The College Savings Plans Network ("CSPN"), an affiliate of the National Association of State Treasurers, and the College Savings Foundation ("CSF") appreciate this opportunity to share our comments regarding how the proposal of the Securities and Exchange Commission ("Commission") relating to Mutual Fund Distribution Fees and Confirmations would impact 529 plan confirmations. CSPN and CSF represent the Section 529 College Savings industry, which today accounts for approximately \$118 billion in college savings dollars spread across more than 8.8 million accounts nationwide.¹ Our constituents include state issuers, program managers, investment managers, distributors, and ultimately, the millions of investors who have chosen to save in Section 529 college savings plans.

As you know, Section 529 college savings plans are generally exempt from registration with and regulation by the Commission on the basis of their status as municipal fund securities, although sales of interests in Section 529 college savings plans are subject to the anti-fraud provisions of the Securities Exchange Act of 1934 ("Exchange Act"). As an industry, we are committed to providing information to enable investors to make well-informed decisions. To that end, we have generally supported efforts by the Municipal Securities Rulemaking Board ("MSRB") that seek to protect consumers by providing relevant disclosures regarding college savings choices.

While the issues surrounding 12b-1 fees are not directly applicable to otherwise exempt municipal fund securities, we are submitting this letter to comment specifically upon the amendments proposed to Rule 10b-10 under the Exchange Act, relating to transaction

¹ Source: College Savings Plans Network, data as of June 30, 2010

confirmations. In offering our concerns regarding the confirmation changes that the Release proposes, we urge the Commission to consider that confirmations issued in connection with 529 plan transactions are governed by MSRB Rule G-15 (Confirmation, Clearance, Settlement and Other Uniform Practice Requirements with Respect to Transactions with Customers), rather than by Rule 10b-10. In our view, subjecting 529 plans to Rule 10b-10, as well as to the revisions to Rule 10b-10 currently proposed by the Commission, would increase the costs associated with confirmations without providing any concomitant benefit to investors.

Under the proposed Amendments to Rule 10b-10, transaction confirmations would be revamped to show “a more complete record of the transaction and to promote investor understanding of the fees”. To meet this requirement, confirmations would include the percentage and dollar amounts of upfront sales charges, the net dollar amount invested, and the applicable breakpoints used to calculate the sales charge. In addition, confirmations would include, if applicable, the annual amount of any marketing and service fees, the annual amount of any ongoing sales charges, the aggregate amount of the ongoing sales charge that may be incurred over time (expressed as a percentage of net asset value), and the maximum number of months or years that the customer would incur the ongoing sales charges. Confirmations would also include a standardized statement warning investors that there may be additional asset-based fees and other expenses that apply to investments and that would be found in a fund’s offering document.

Among other questions, the Release specifically asks whether Rule 10b-10 should be revised to encompass transactions in 529 college savings plan interests, which are currently excluded from the Rule. As a general matter, the Release also asks whether the proposed changes would be useful to investors and whether the proposed standardized disclosure regarding additional costs would be sufficient to put investors on notice regarding all costs of an investment.

CSPN and CSF endorse initiatives that seek to provide useful information about 529 plans to investors. As issuers and distributors of 529 plan securities, we generally support the initiatives of the MSRB with respect to standardized disclosures regarding program offering materials,² account statements and transaction confirmations.³ We also voluntarily adhere to Disclosure Principles that were initially developed and adopted by CSPN in 2004 and were most recently updated in December 2009. These Principles set forth standardized formats for disclosure of all costs and expenses associated with investments in Section 529 plans. In light of this, we do not believe it is necessary to extend the requirements of Rule 10b-10 to 529 college savings plans.

² See MSRB Rule G-21

³ See MSRB Rule G-15

Moreover, the information proposed for inclusion on transaction confirmations is already included in the offering documents issued by the 529 college savings plans offered through broker-dealers. Also, some of this information seems better suited to a point-of-sale document than to a confirmation. Indeed, the purpose of a confirmation is to confirm the terms and conditions of the sale, not to project on-going costs. These factors, coupled with the fact that the confirmation required by MSRB Rule G-15 and the anti-fraud provisions of the Federal securities laws already amply serve to protect investors, evidence that it is not necessary to additionally subject the sale of 529 plan securities to the confirmation requirements of Rule 10b-10.

In addition, subjecting the sale of 529 plan securities to the confirmation requirements of Rule 10b-10, and the resulting disruption to the current system for confirming these transactions under MSRB Rule G-15, will result in significant costs for issuers and/or distributors of 529 plan securities. Ultimately these costs would have to be passed on to investors. We do not see how these costs will be offset by any measurable benefit to consumers, nor are we aware of any evidence indicating that the current process is inadequate or has failed to serve the interests of investors. Accordingly, we strongly recommend that the Commission not subject sales of 529 plan securities to Rule 10b-10.

We sincerely appreciate the opportunity to provide these comments to you. We hope you will consider the sufficiency of the current MSRB Rules relating to transaction confirmations without forcing the industry to incur the substantial costs that would be associated with the transaction confirmation requirements of Rule 10b-10 in its current or as amended format.

We would be pleased to provide additional information or to have the opportunity to discuss Section 529 plans with Commission Staff more fully in the future.

Sincerely,



Joan Marshall, Chair
College Savings Plans Network



Peter Mazareas, Chairman
College Savings Foundation

Cc: Ernesto A. Lanza, General Counsel, MSRB
Lawrence P. Sandor, Senior Associate General Counsel, MSRB