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September 15, 2006

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

Re: Request for Comments on Application of "Access Equals Delivery" Standard to Official Statement Dissemination for New Issue Municipal Securities

Dear Mr. Lanza:

We appreciate the opportunity to comment on the application of an "access equals delivery" standard to official statement dissemination for new issue municipal securities.

ADP is the largest provider of investor communications services for issuers, investors, and securities intermediaries. We distribute regulatory disclosures, by mail and email, to 90 million investors, including proxy statements, prospectuses and financial reports. We also provide transaction-based communications, including brokerage statements, information on corporate actions, and trade confirmations. ADP's processing and technology solutions facilitate investor access to information, support informed participation in U.S. capital markets, and lower costs for market participants. We believe our capabilities and experience would be helpful to the MSRB in implementing improvements to current processes for disseminating official statements for new issue municipal securities. (A summary of these capabilities is provided in section I., below.)

We support the underlying goals of the MSRB's potential framework, the concept of a central electronic repository, and efforts to continuously improve processes for all municipal market participants. However, we believe some modifications to the framework are necessary in order to achieve its laudable goals without unintended consequences to investors and other market participants. A significant body of research suggests that implementing the potential framework as currently envisioned would, as a practical matter, result in less information for many investors. (Relevant research is referenced in section II.)

The potential framework is premised on the belief that considerations of facilitating effective access to information in registered securities offerings are equally applicable to municipal securities offerings. We would submit, however, that registered securities offerings include unique standards for effective information access that generally involve a greater flow of information between issuers and investors. While a central repository could enable faster access to official statements for many market participants, the potential framework's provision to eliminate direct distribution would effectively remove an important



communications channel for many investors. We believe e-delivery could be used in conjunction with a central repository to further enhance access to information. (Pertinent references to Securities Offering Reform Rulemaking are provided in section III.)

We are committed to working constructively with all municipal market constituents to implement improvements to current processes for disseminating official statements for municipal securities. Therefore, ADP respectfully offers several suggestions which we hope you will find helpful. We believe these modifications support the underlying goals of the MSRB's potential framework and offer a means to avoid unintended consequences. (Suggested modifications to the potential framework are summarized in section IV.)

I. ADP capabilities can be leveraged by the MSRB and municipal market participants to support the flow of information to all investors *and* lower costs to issuers and selling brokers.

Each year, on behalf of over 800 broker-dealers, mutual fund companies, custodian banks, and correspondents, ADP distributes final prospectuses for municipal offerings to over 700,000 investor accounts. A central distribution facility offers issuers the benefits of economies of scale and the convenience of a single point of shipment. Distribution turnaround times meet or exceed required levels of performance. In many cases, ADP scans physical documents into its own digital library prior to their being available electronically through MSRB scanning. ADP digital print services provide information delivery for issuers' whose physical inventories are depleted. Technologies for specialized processing identify situations for which a prior prospectus applies, and the consequent suppression of over 20% of all requested mailings results in significant savings to issuers and selling dealers.

ADP has experience with investors, issuers and financial intermediaries in capturing and managing investor "consents" to e-delivery -- for proxy distribution, mutual fund disclosures and other information. (As of June, 2006, ADP's e-delivery Consent Database contained over 15 million investors.) However, e-delivery is not currently being utilized for official statements for new issue municipal securities. We believe, therefore, it offers an opportunity for enhancing information access in municipal securities offerings.

II. The MSRB's potential framework, as currently envisioned, changes the 'default' mechanism *from* automatic information delivery *to* online information access. Research on participation rates in 'opt-in/opt-out' programs -- as well as research on investor demographics, investor communications preferences, and cost shifting -- suggests that the potential framework may reduce the flow of information afforded to investors today.

Default Programs: Studies by behavioral economists and other experts on default programs -- in applications as wide-ranging as 401(k) plan savings, no-fault insurance adoption, and other opt-in/opt-out programs -- indicate that a small change in a default mechanism can have a magnified and often unintended impact on participation. Today, investors access and look at final prospectuses on municipal issues because they are, by default, sent directly to them. By requiring investors to instead take steps to obtain the final prospectus (i.e., go online to view



the information, or request a hard copy), the potential framework would, by comparison, reduce access and viewing of final prospectuses by investors. The potential framework changes the method by which information is obtained; it does not alter the content of the information made available.

In-depth research on investor demographics, investor communications preferences, and costs/benefits was provided by ADP and AARP to the Securities & Exchange Commission in connection with the SEC's proposed 'Notice & Access' rules. Although much of the research focused on Internet availability of proxy information, and the characteristics and preferences of equity investors, some of it is relevant to discussion of the MSRB's potential framework. Research on the demographics of online access and usage is independent of either concept. Research on the online/offline communications preferences of investors is noteworthy because both concepts rely on similar access methods. (Refer to ADP and AARP comment letters to the SEC's proposed Notice & Access rules, file number S7-10-05, and to AARP's comment letter on Securities Offering Reform proposed rules, file number S7-38-04.)

Investor Demographics: Many investors are *unable* to electronically access information on their investments. Forrester Research's analysis of its Technographics Consumer Data, the world's largest ongoing census of investors and Internet usage, observed that, "Rules which rely on online access may well introduce bias into shareholder communication because online access is not evenly distributed among investors." Forrester's data shows this is especially true for seniors – and it is understood that seniors' portfolios may contain a significant allocation of municipal issues. According to Forrester, while 90% of investors between the ages of 18 and 39 are online, only half of investors 65 years of age and older are online.

AARP's survey, "Views of the Individual Investor Toward Internet-Based Delivery of Company Proxy Materials" (investors 25 years of age and older, February, 2006) identified practical limitations to Internet usage among those with access. Access is limited due to cost considerations, technical problems, and computer sharing with other members of the same household. The findings are more pronounced for older segments of investors.

Investors' Online/Offline Communications Preferences: Many investors are *unwilling* to electronically access information on their investments or read online. Forrester's Technographics research indicates that significant percentages of investors do not read financial information online and they do not visit financial content websites. Many individuals prefer to receive information by mail and execute transactions by telephone. Concerns with Internet security and privacy can inhibit activity levels in some applications. AARP's survey indicates that user preferences play a part in online usage, e.g., many investors use the Internet for email or retail "browsing" but prefer hard copy information with respect to their investments. These findings are validated directionally by ADP's processing experience. When last analyzed, out of 12.5 million investors who initially provided their consent to e-delivery of proxy materials, 2.4 million subsequently dropped out of the program. In exit surveys, over 50% of the 85,000 former 'consenters' who responded indicated a preference for looking at proxy statements and annual financial reports on paper.



A telephone survey administered by Forrester provides investors' reactions to taking specific steps to access information. Although the focus of the survey was on proxy statements and financial reports, the findings indicate there could be risks to the potential framework as it relies on mechanisms for investor access that are similar to those outlined in the proposed Notice & Access rules. Significant percentages of equity investors who are online and receive proxy voting and financial information today by mail, indicated they would be *unlikely* to: (i) "Go to the companies' web sites and look at the information online" (49%); (ii) "Download and print out the information from the Internet" (75%); or, (iii) "Call a toll-free number to request that the information to be sent to you." (65%) There were similar responses by investors to an online survey administered by comScore Networks. Majority percentages of investors indicated they would be less likely to look at proxy and financial statements online and less likely to take steps to obtain the information if it was no longer provided automatically to them. The findings were more pronounced among investors 51 years of age or older.

Cost Shift to Investors: Under the potential framework, investors would need to request printed copies of the prospectus, search for and view it online, or download and print it at their expense. This shift has the potential to reduce the number of investors who look at the information.

III. The MSRB's potential framework is premised on the belief that considerations of facilitating effective access to information in registered securities offerings are equally applicable to municipal securities offerings. We submit, however, that registered securities offerings include unique standards for effective information access and a generally greater flow of information.

As a general matter, investors in securities registered under the Securities Act of 1933 make their purchase decisions prior to delivery of a final prospectus. The adopting release for Securities Offering Reform Rulemaking (SEC Release No. 33-8591; July 19, 2005) described the basis for the "access equals delivery" model as follows:

... in the current system, if no preliminary prospectus or written selling materials are distributed, the final prospectus is the only prospectus received by investors. However, an investor's purchase commitment, and the resulting contract of sale of securities to the investor in the offering, generally occur before the final prospectus is required to be delivered under the Securities Act. Moreover, for sales occurring in the aftermarket, as a result of our rules, investors in securities of reporting issuers generally are not delivered a final prospectus. Accordingly, the greatest utility of a final prospectus may be as a document that informs and memorializes the information for the aftermarket. Actual delivery to purchasers is not necessary to satisfy this purpose.

We have previously adopted a number of other rules to address prospectus delivery in primary offerings and secondary market transactions. Securities Act Rule 153 addresses delivery of final prospectuses in transactions between brokers taking



place over a national securities exchange. Securities Act Rule 434 was intended to ease the burden of prospectus delivery within the T+3 settlement cycle by permitting delivery of a final prospectus to be made in multiple documents at different intervals in the offering process.

Many of our recent rulemakings to improve the content and timing of a reporting issuer's Exchange Act filings, together with the communications and procedural changes we are adopting today, are aimed at providing more information to investors at the time they commit to purchase a security. As we discussed in the Proposing Release, the increase in the flow of current information about a reporting issuer, and the ability of offering participants to use free writing prospectuses in connection with offerings, will give offering participants a greater ability to provide information to investors about the securities at that time. Further, rapid technological advances in the area of information delivery have resulted in greater access to information. For example, prospectuses and other filings now are available through EDGAR and other electronic sources, including the Internet, immediately upon filing.

As the Rulemaking indicates, the "access equals delivery" model is premised on an offering regime for registered securities offerings that generally does not apply to municipal securities offerings. In particular, the information flow between an investor and an issuer in a registered securities offering is understood to be more significant. The availability of Rule 134 communications, Rule 434 term sheets, Rule 433 free writing prospectuses, and other mechanisms allow issuers of registered securities to convey greater information about themselves and their offerings than is the case in municipal offerings.

While this does not mean that the "access equals delivery" model will never be appropriate for municipal offerings, it suggests that significant changes to the manner in which municipal securities are bought and sold would have to be made for equally effective information access to be provided.

IV. With modification, we believe the MSRB's potential framework can be implemented to support the flow of information to investors *and* reduce costs to issuers and selling dealers. In the hope of bringing about constructive improvements, ADP respectfully offers the following suggestions:

Central Repository: We believe the MSRB's concept of a central repository offers market participants a means to access information online and, combined with e-delivery, efficiently distribute official statements once filed. ADP is committed to working with the MSRB to create a digital library of all municipal offering statements for public access. We are committed to making the necessary investments in technology, processes, and human capital. We would also be interested in managing the central repository on an ongoing basis and in providing uniform methods of information access, retention, and security for official statements.

Mr. Ernesto A. Lanza
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E-Delivery: It is understood that individuals use the Internet for their own convenience, not for the convenience of others. Investors are more likely to access and look at final prospectus information if it is automatically sent to them than if they have to take steps to obtain it. Using email to automatically and efficiently deliver information to investors, with their consent, is consistent with the MSRB's goal of enhancing access. E-delivery also lays an important foundation for providing qualitatively improved information to investors. We are committed to working with the MSRB, financial intermediary clients, and other constituents to leverage existing e-delivery and 'consent' capture capabilities for application to municipal securities offerings.

Dual Distribution: In connection with the proposed rules on Internet Availability of Proxy Materials, ADP discussed with the Commission the benefits to market participants of a 'dual distribution' approach. Similarly, with respect to the MSRB's potential framework, ADP is committed to working with broker-dealer clients to provide e-delivery to investors who today receive materials by mail. Investors would receive materials via both channels and have opportunities to indicate their consent to e-delivery. We believe it is possible to test value propositions for e-delivery. Investors who give their consent to e-delivery would no longer receive printed copies.

Qualitatively Improved Information: The potential framework does not change the content of the information provided to investors. It puts online the same information that is provided today in hardcopy. As currently outlined, the MSRB's potential framework does not discuss the benefits to market participants of utilizing smaller, plain English, or 'profile' compliance documents, of giving investors the content and format they want, or of filing statements in XBRL format. ADP is committed to working with the MSRB, SEC, and all interested market participants on ways to provide qualitatively improved information to investors. We believe e-delivery initiatives, based on investor consent, provide an important foundation for such efforts because they keep individual investors involved. Automatic e-delivery of information supports broader efforts to put investors in the driver's seat and offers a means to easily access/'link to' more-detailed information sources.

In closing, we wish to thank the MSRB for the opportunity to comment on the potential framework. We hope you have found our comments constructive and useful. Should you have any questions, or require additional information, we are pleased to respond.

Sincerely,

A handwritten signature in blue ink that reads "Gerard Scavelli". The signature is written in a cursive style.

Gerard F. Scavelli
Senior Vice President & General Manager