



April 11, 2025

Ronald W. Smith
Corporate Secretary
Municipal Securities Rulemaking Board
1300 I Street NW
Suite 1000
Washington, DC 20005

Re: Potential Modernization of Municipal Fund Securities Disclosure Obligations

Dear Mr. Smith:

The Securities Industry and Financial Markets Association (“SIFMA”)¹ appreciates the opportunity to provide input in response to the Concept Release issued by the Municipal Securities Rulemaking Board (“MSRB”) regarding its Potential Modernization of Municipal Fund Securities Disclosure Obligations (the “Notice”).² SIFMA welcomes the MSRB’s retrospective review as we strongly support modernization of dealers’ disclosure obligations in municipal fund securities transactions, which have not kept pace with technological advancements, investor behavior, or the unique attributes of these securities. In addition, updating the MSRB’s disclosure requirements for municipal fund securities transactions would ease administrative burdens on dealers without compromising the quality, timeliness, or effectiveness of the information investors receive in municipal fund securities transactions.

Executive Summary

SIFMA has been a longstanding supporter of modernizing disclosure obligations in connection with municipal fund securities transactions. For example, we have previously supported proposals to adopt electronic delivery (“e-delivery”) as the default delivery method for municipal fund securities plan disclosure documents, consistent with the approach for disclosures

¹ SIFMA is the leading trade association for broker-dealers, investment banks and asset managers operating in the U.S. and global capital markets. On behalf of our industry's one million employees, we advocate on legislation, regulation and business policy affecting retail and institutional investors, equity and fixed income markets and related products and services. We serve as an industry coordinating body to promote fair and orderly markets, informed regulatory compliance, and efficient market operations and resiliency. We also provide a forum for industry policy and professional development. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA). For more information, visit <http://www.sifma.org>.

² Terms not defined herein are as defined in MSRB Notice 2024-15, Concept Release: MSRB Requests Comment on Potential Modernization of Municipal Fund Securities Disclosure Obligations, available at https://live-msrb.pantheonsite.io/sites/default/files/2024-12/MSRB-Notice-2024-15_1.pdf.

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related to municipal debt securities and other investor documents.³ Similarly, we have recommended that based on their unique attributes, the time of trade disclosure requirements for municipal fund securities be addressed in a single, stand-alone rule.⁴ Consistent with our past support for disclosure modernization for municipal fund securities transactions, and as further discussed below and in the appendix to this letter, SIFMA recommends that the MSRB:

- adopt “access equals delivery” as the default disclosure standard in MSRB Rule G-32 for the delivery of plan disclosure documents in connection with municipal fund securities transactions, as this approach would maintain the important transparency protections for investors while easing obligations and costs imposed on dealers; and
- consolidate the time of trade disclosure requirements for municipal fund securities transactions within a single, stand-alone rule that generally is consistent with the current time of trade disclosures applied to municipal debt securities in Rule G-47 but is designed to account for the characteristics specific to municipal fund securities.

Discussion

I. “Access Equals Delivery” Should Be the Default Standard in MSRB Rule G-32 Relating to Disclosures in Connection with Primary Offerings

The MSRB should update Rule G-32 to adopt “access equals delivery” as the default standard for delivery of municipal fund securities plan disclosures. Although there are attributes of municipal fund securities that differentiate them from traditional municipal debt securities (further discussed below), those differences do not justify taking separate approaches to the method for making official statements and plan disclosure documents available to investors. Modernizing Rule G-32 with respect to municipal fund securities will ease burdens on broker-dealers without reducing transparency for investors. In fact, applying the MSRB’s current e-delivery standard to municipal fund securities likely will allow investors in 529s, ABLE programs, and LGIPs to more easily track and understand these disclosures as they change over time through regular amendments or supplements. Of course, even if the MSRB adopts “access equals delivery” as the default delivery method, investors that prefer to receive physical documents in the mail would have that option preserved and may request a physical copy from their broker-dealer.

³ See letters from David L. Cohen, Managing Director & Associate General Counsel, SIFMA to Ronald W. Smith, Corporate Secretary, MSRB, at 4 (Aug. 26, 2011), available at https://www.msrb.org/sites/default/files/2024-06/SIFMA%20Letter_2011-33.pdf; (Apr. 2, 2012), available at <https://www.msrb.org/sites/default/files/RFC/2012-10/SIFMA.pdf>. SIFMA also supports adoption of e-delivery of investor financial disclosures more broadly. See, e.g., *SIFMA Welcomes Introduction of the E-delivery Legislation*, SIFMA Press Release (Mar. 28, 2025), available at <https://www.sifma.org/resources/news/press-releases/sifma-welcomes-introduction-of-the-e-delivery-legislation-2/>.

⁴ See letter from Leslie M. Norwood, Managing Director & Associate General Counsel, SIFMA to Ronald W. Smith, Corporate Secretary, MSRB, at 4, 8-9 (Apr. 17, 2023), available at <https://www.msrb.org/sites/default/files/2023-04/SIFMA-2023-02.pdf>.

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As stated in the Notice, when the MSRB adopted the e-delivery standards for municipal debt securities in Rule G-32 in 2009, it did not update the delivery method for municipal fund securities. This approach was consistent with the policy adopted at that time by the Securities and Exchange Commission (the “Commission”) with respect to mutual fund disclosures based on the characteristics and structures those investments share with municipal fund securities. Since then, however, the Commission has updated its default method for delivery of mutual fund prospectuses, using an “optional layered” approach while allowing online access to satisfy delivery obligations in some circumstances.⁵

However, the MSRB should not adopt a default delivery method that uses a “supplemental layered” approach similar to the requirement for mutual funds in the Commission’s Rule 498.⁶ The MSRB should treat municipal fund securities and municipal debt securities equally in this context because, as stated in the Notice, unlike various Commission rules regarding prospectus delivery requirements, “MSRB rules relating to disclosures for municipal fund securities operate within the same framework as MSRB disclosure rules for municipal debt securities.”⁷ Therefore, consolidating the delivery obligations for municipal fund and municipal debt securities using “access equals delivery” as the single default standard will streamline and clarify the requirements for both investors and dealers.⁸

Investor attitudes also have evolved since the MSRB last updated Rule G-32 in 2009. For example, as the SIFMA e-Delivery YouGov Survey cited in the Notice demonstrated, a significant majority of investors are comfortable with e-delivery as the default method for financial documents.⁹ Therefore, modernizing the MSRB’s rules to adopt “access equals delivery” as the default delivery method for municipal fund securities generally will align with investor expectations and will not diminish the effectiveness or availability of these important disclosures.

⁵ Notice at n. 27 and accompanying text.

⁶ Notice at 10.

⁷ Notice at n. 16.

⁸ In addition to publishing the official statement on EMMA, as described in the Notice, the MSRB’s access equals delivery standard for municipal fund securities also could allow delivery to be satisfied through posting on the relevant 529 plan, ABLE program, or LGIP public website, as investors in municipal fund securities regularly access their account information via those websites. *See, e.g.,* Letter from Mary G. Morris, Chair, College Savings Plan Networks (“CSPN”) to Ronald W. Smith, Corporate Secretary, MSRB (Apr. 2, 2025) (“CSPN Comment Letter”) (proposing a modified Access Equals Delivery Alternative “that requires notice of posting of Plan Disclosure Documents on EMMA **and** on the 529 Plan’s public website”), *available at* <https://www.msrb.org/sites/default/files/2025-04/CSPN-2024-15.pdf>.

⁹ Notice at 13-14.

II. MSRB Should Consolidate Time of Trade Disclosures for Municipal Fund Securities into a Stand-alone Rule

SIFMA agrees with the MSRB that a stand-alone time of trade disclosure rule for municipal fund securities transactions would improve transparency and efficiency for investors and ensure that dealers sufficiently understand their regulatory obligations for these securities. As the MSRB acknowledged in the Notice, municipal fund securities are more like mutual funds and other pooled investments than bond debt issued by individual state or local governments. Unlike a default e-delivery standard, which should apply equally to both municipal fund and municipal debt securities, substantive time of trade disclosure requirements for municipal fund securities transactions should account for their unique characteristics. For example, as described in the Notice, municipal fund securities are made up of units of a state trust's pooled investment funds rather than the debt of single municipal issuer. While investors in the debt of a single municipal issuer would want to know the most current material information about the financial well-being of that issuer at the time of trade, this type of information generally is not relevant to the pooled investments that constitute municipal fund securities. Investors in municipal fund securities should receive time of trade disclosures that account for the unique characteristics of these investments, which likely would decrease the number of unnecessary or duplicative disclosures and lead to better investor understanding of the investments and importance of the relevant documents.

As SIFMA has previously suggested, the MSRB should update and consolidate the time of trade disclosure obligations for municipal fund securities into a single stand-alone rule. The rule should account for the fact that, as discussed in the Notice, Rule G-32 requires delivery of the plan disclosure documents “on an ongoing basis to all sales of municipal fund securities, regardless of how long after the issuer first began offering such securities.”¹⁰ These plan disclosure documents may already satisfy a time of trade disclosure obligation for municipal fund securities, as they contain up-to-date material information about the features of these pooled investments.

In drafting and implementing a new rule, the MSRB also should consider that investors in 529s and ABLE programs typically engage in transactions that are self-directed. These investors are purchasing shares in the plans via online investment accounts and generally readily access online plan disclosure documents that include all of the relevant information—including fund details, fees, past performance, and potential risks—about the plan or fund they are purchasing.¹¹ Investors in LGIPs are governmental entities that generally employ financial professionals, and/or have outside financial advisors, responsible for managing the entity's investments, including in LGIPs. These entities also typically have their own websites to send and receive important information, including financial information, to their own constituents and

¹⁰ Notice at 4-5.

¹¹ When investors sell municipal fund securities, they are typically redeeming or withdrawing funds to pay for qualified expenses.

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stakeholders. To the extent the stand-alone rule is modeled after Rule G-47 and references “established industry sources” relevant to 529s and ABLE programs, it should include the plan’s own website or third-party websites that consolidate plan information in one place, like www.savingforcollege.com. For LGIPs, which generally are created by state governments pursuant to state laws, such sources should include the disclosures the LGIPs publish to comply with those laws.

In addition, if a new stand-alone rule incorporates the “out-of-state disclosure obligations” currently included as an interpretation under Rule G-17, the MSRB should make it clear that dealers are not responsible for providing customers with tax advice regarding 529 plans. Plan disclosure documents and websites typically address the tax treatment of 529 plans for in- and out-of-state residents. Professional tax advisors are the appropriate resource to explain the tax implications of investments in 529 plans. Therefore, while dealers may be obligated to indicate that there *may be tax implications* for customers investing in 529 plans, any reference to out-of-state tax disclosures in an updated rule should make clear that dealers are not required to give tax advice.

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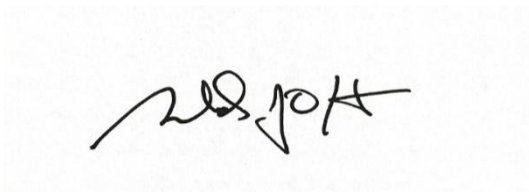
III. Conclusion

SIFMA appreciates the opportunity to comment on the MSRB's Notice regarding the potential modernization of municipal fund securities disclosure obligations. As discussed above and in the attached appendix, SIFMA supports modernizing and streamlining the disclosure requirements for municipal fund securities to account for new technologies, changes in investor behaviors, and the characteristics that differentiate municipal fund securities from typical municipal debt securities. We look forward to continued engagement with the MSRB as it reviews input received in response to the Notice and plans for future changes to the disclosure requirements for municipal fund securities. Please do not hesitate to contact Leslie Norwood with any questions by phone at (212) 313-1130, or by email at lnorwood@sifma.org or Gerald O'Hara by phone at (202) 962-7343, or by email at gohara@sifma.org.

Sincerely,



Leslie M. Norwood
Managing Director and Associate General
Counsel



Gerald O'Hara
Vice President and Assistant General
Counsel

cc: Ernesto Lanza, Chief Regulatory and Policy Officer
Bri Joiner, Senior Director, Market Regulation
Abha Mohla, Director, Market Regulation

Appendix

SIFMA Responses to MSRB Questions on Potential Amendments to Rule G-32

1. ***Should the MSRB modernize the disclosure delivery standard for municipal fund securities by implementing one of the two alternatives identified above? Is there another standard, other than the two alternatives noted above, that should be considered by the MSRB at this time?***

Yes, the MSRB should modernize the disclosure delivery standard for municipal fund securities by implementing the “access equals delivery” approach. As the MSRB acknowledged in the Notice, there have been significant advances in technology and changes in investor behavior and preferences since the MSRB adopted an e-delivery standard in Rule G-32 for municipal debt securities in 2009. Adopting an “access equals delivery” standard for municipal fund securities disclosures also is consistent with the MSRB’s existing requirements for municipal debt securities, and there is no reason to continue treating municipal fund securities differently in this context. In addition, “access equals delivery” is consistent with similar disclosure requirements for owners of pooled investments fund shares imposed by other regulators. Supplemental-layered disclosure, which would require physical delivery of plan disclosure documents plus subsequent references to EMMA for supplements or amendments, is not necessary because it imposes significant burdens on dealers without any significant benefit to investor transparency. Physical delivery of hard-copy plan disclosure documents is outdated and as demonstrated in the MSRB’s Notice and the additional data discussed below in response to Questions 5 and 7, more than 25 years into the 21st century, a large majority of the public is comfortable with and has ready access to electronic documents.

2. ***Which delivery alternative best supports investors’ ease of access to information and would heighten their sense of awareness of the importance of an official statement? Please explain.***

Electronic delivery and electronic access best support investors’ ease of access to information and there is no indication that these delivery methods in any way diminish investor awareness of the importance of financial disclosure documents. Investors who have the wherewithal to open investment accounts and purchase municipal fund securities, typically with specific long-term savings goals in mind, are capable of reviewing and identifying important information, including the official statement, plan documents or equivalent, via electronic delivery or access to relevant plan websites, methods used across almost all aspects of modern financial life.

3. ***Would investors, dealers, or issuers experience any new burdens under either of the two alternatives identified above?***

Adopting the supplemental-layered approach would retain the burdens and drawbacks of the current physical delivery requirements.

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4. *Are there alternative disclosure delivery standards, other than those identified above, for an official statement that would improve investors' comprehension of disclosures and access to information while reducing dealers' cost burdens related to paper-only disclosure delivery?*

No, the MSRB should adopt “access equals delivery” as the default delivery method for mutual fund securities. The Commission has adopted this approach as its delivery standard for certain mutual fund communications, and the MSRB has done the same for municipal debt securities. This standard is appropriate for municipal fund securities as well.

5. *What percentage of municipal fund securities customers (including 529 savings plans, ABLÉ programs, and LGIPs) currently rely on paper-only delivery versus using the opt-in e-delivery of disclosure documents? Please respond with data, if available, grouped by direct-sold plans and advisor-sold plans.*

CSPN conducted a recent survey gauging e-delivery practices by 529 plans during 2023 and shared the results with SIFMA.¹² Survey respondents included 80 (consisting of 60 direct-sold and 20 advisor-sold) 529 plans representing more than 12 million accounts (75% of all 529 plan accounts), as of December 31, 2023. Of these accounts, 92% are web-registered via their 529 plan and have a valid email address on file; 75% elected e-delivery of at least some documentation; 76% elected to receive account statements via e-delivery; and 73% elected to receive plan disclosures via e-delivery.

The results of CSPN's e-delivery survey demonstrate that a significant majority of investors in municipal fund securities currently receive important plan and program disclosure documents electronically.

6. *Noting that some customers are currently availing themselves of the e-delivery standard (notice, access, and evidence to show delivery) for receipt of plan disclosure documents by dealers, as provided for by the 1998 Guidance, what additional, costs or burdens, if any would be alleviated for dealers?*

As the MSRB acknowledged in the Notice, “[t]he 1998 Guidance sets forth a stricter standard for electronic communications than the current e-delivery standard for municipal debt securities outlined under Rule G-32.” In particular, the “evidence to show delivery” principle adds an unnecessary obligation on dealers given investors' general familiarity with the e-delivery of financial documents in all aspects of daily life, including electronic provision of official statements in municipal debt securities. Removing the “evidence to show delivery” principle would alleviate some marginal burdens for dealers whose customers currently use the e-delivery standard. Finally, there is a benefit to codifying the MSRB's position with respect to delivery requirements for official statements of municipal fund securities rather than continuing to rely on interpretive guidance published more than 25 years ago.

¹² See CSPN Comment Letter, supra n. 8 (discussing its e-delivery survey results).

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7. ***While the findings from the Pew Study and SIFMA e-Delivery YouGov Survey indicate an increased reliance on the internet and growing investor preference for delivering investor communication through e-delivery, are there any additional data and statistics specifically with respect to retail investor’s preference for e-delivery of investor communication for municipal fund securities, as a whole or for particular types of municipal fund securities (i.e., 529 savings plans, ABLE programs), that would provide further insight for assessing the advisability of either alternative approach to e-delivery?***

See our response to Question 5, above and additional details about CSPN’s survey in its comment letter in response to the Notice.

8. ***Investors in LGIPs are governmental entities rather than traditional retail investors. Is there information comparable to the retail usage information described above, or differences in the nature of the investors or the LGIP product, that would be helpful in understanding the fitness of electronic disclosure for such investors?***

Governmental entities that invest in LGIPs have the ability to access and understand important financial information online. For example, these entities typically maintain their own websites to communicate important information to residents or stakeholders as well as to facilitate financial transactions, including collection of local real estate taxes or payments related to traffic citations. Therefore, there is no reason to require physical delivery as the default method for governmental entities investing in LGIPs. In fact, as discussed above in connection with retail investors, receipt of physical documents may make recordkeeping—which for governmental entities may be required by statute or to be consistent with auditing standards—more difficult for the governmental entities that invest in LGIPs.

As the MSRB acknowledges, investors in LGIPs are not retail investors. Rather, many of these local government entities have professional employees that may include financial experts such as accountants or analysts. In addition, such entities may hire municipal or other financial advisors, acting as fiduciaries, to help them understand and manage their investments, including in LGIPs. These factors diminish any risk that governmental entities investing in LGIPs would not be able to access or understand the importance of financial disclosures delivered electronically.

9. ***The MSRB notes that it cannot require issuers of municipal fund securities to prepare summary disclosures, similar to the summary prospectus permitted by the Commission for mutual funds. Still, the MSRB is interested in learning whether investors in municipal fund securities would benefit from a similar approach where, if an issuer chooses to prepare one, a summary official statement provided electronically would satisfy the requirements with respect to the delivery of the final official statement, if certain conditions are met. Given that most 529 savings plans and ABLE programs consist primarily of underlying mutual fund options, the MSRB is interested in***

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whether satisfying delivery obligations through a summary disclosure document is feasible for municipal fund securities.

We do not believe summary disclosures would benefit investors in municipal fund securities and likely would have the unintended effect of increasing burdens on broker-dealers. Helpful summary information generally is available for investors to review on plan websites. However, these summaries should not be included as part of broker-dealers' disclosure obligations under MSRB rules.

SIFMA Responses to MSRB Questions on Potential Stand-Alone Time of Trade Rule

- 1. As noted above, the types of material information required to be disclosed to customers under Rule G-47 are in part defined in terms of information available from established industry sources. In the case of each type of municipal fund securities, what sources, other than those already listed in the rule, could reasonably be viewed as an established industry source generally used by dealers effecting transactions in the type of municipal fund securities at issue? For example, should the MSRB consider the CSPN website as an established industry source for 529 savings plans?***

As discussed above, SIFMA recommends that the MSRB implement a stand-alone rule that is specifically tailored to the time of trade disclosure obligations for dealers in connection with municipal fund securities transactions. The MSRB should study whether the new rule, which will be applied to securities with characteristics that are distinct from municipal debt securities, should be modeled on Rule G-47, a rule designed for municipal debt securities. There may be some aspects of Rule G-47 that are helpful in the context of municipal fund securities and other aspects that do not apply to municipal fund securities transactions based on their unique attributes. For example, municipal fund securities generally are not as susceptible to frequent changes in the information that is relevant to making an investment decision, unlike debt issued by a single municipality that may change regularly due to economic or other factors. In addition, the MSRB should consider whether receipt of the plan disclosure documents, which currently are required to be delivered to municipal fund securities investors pursuant to Rule G-32, is sufficient to satisfy time of trade obligations for these securities.

To the extent that the MSRB finds it necessary to reference "established industry sources" in a stand-alone rule, in addition to EMMA, the MSRB should consider the CSPN website as an established industry source for 529 savings plans. Each state plan also has its own website that provides access to plan and fund documents, and these websites should be considered established industry sources and referenced in a stand-alone rule. In addition, the MSRB also could consider www.savingforcollege.com as an established industry source. This website contains information about the plans available in all 50 states and is commonly used by dealers, advisors, and investors to access and compare state plan information.

LGIPs typically are established and governed by state or local statutes or regulations. These statutes and regulations also address the content and timing of the disclosures the board or

committee responsible for operating the LGIPs are required to make regarding the funds. Therefore, a non-exhaustive list of examples of material information for LGIP investors should include the disclosures LGIPs regularly make pursuant to the operative statute.

2. ***Rule G-47's time of trade disclosure requirement applies to all purchase and sale transactions with a customer, which includes all points of sale throughout the continuous offering of municipal fund securities (i.e., purchase of interest in the trust account ("contribution of funds"), redemption of interest in the trust account ("withdrawal of funds") and rollover of funds from one account to another account, such as exist for 529 savings plans and ABLE program rollovers). Should the MSRB alter or exempt the time of trade disclosure requirement in the case of automatic recurring contributions subsequent to the initial contribution? Is there utility to investors in requiring such information in these circumstances where the investor is not making active investment decisions? Should the requirement be altered to limit subsequent time of trade disclosures based on certain triggering point of sale scenarios, such as an investor changing investment option(s) or altering the amount or timing of automatic contributions? What other scenarios represent relevant points of sale in which time of trade obligations should be triggered? What other scenarios that could be deemed a point of sale should be exempted from the time of trade disclosure? What potential negative adverse consequences could result from any such exemptions?***

The MSRB should implement a stand-alone rule for municipal fund securities using a common-sense approach to customer time of trade disclosures given the attributes of these securities. Time of trade disclosures regarding municipal fund securities should only be required when an investor is making active investment decisions to change investments (i.e., when an investor changes plans or changes funds within a plan) or investment direction. Such disclosures should not be required when investors contribute additional funds to the same plan or fund or redeem or withdrawal funds from a plan or fund.

Similarly, automatic recurring contributions should not require time of trade disclosures. Customers engaging in automatic recurring contributions understand the nature of the investment and want an efficient way to continue adding to their initial investment in the same municipal fund securities plan. These investors already own the relevant municipal fund securities, in the form of shares in the 529 plans, ABLE programs, or LGIPs, and therefore have previously received a complete description of the securities at the time of their initial investment, and thereafter as material changes require supplemental disclosures. Investor withdrawals or redemptions also should not require disclosures about the municipal fund securities at the time of the transaction because at that point there should be no material changes to the municipal fund securities or their underlying investments that would require additional disclosures.¹³

¹³ Any material change requiring supplemental disclosure regarding the municipal fund security would have needed to be disclosed at the time of the material change.

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A rollover transaction from one plan to another, or from one fund within a plan to a separate fund in that plan, constitutes a change in investment and should require time of trade disclosures so that investors have material information about the new municipal fund securities investments at that time. We note that at or before the time of a rollover transaction, customers are provided with the plan disclosure documents that include material information regarding the municipal fund securities in the new plan, including fund allocations, risks, fees, expected performance, tax treatment, etc.

- 3. In response to the 2023 RFC, the my529 Letter noted that clarity is needed around any disclosure requirement given anyone is allowed to contribute to a beneficiary's 529 plan account (e.g., gifting platform, grandparent, friend, aunt, etc.). The MSRB is interested in understanding how third-party contributions work in municipal fund securities. For example, how are contributions made through a gifting platform such as a gift card or a direct gift contribution into a 529 savings plan or ABLE account? Is it clear to market participants when the time of trade disclosure obligation would be triggered, and to whom such disclosure is required to be made, in these third-party scenarios? Are there any operational or other aspects of third-party contributions that create burdens in applying the disclosure obligation for such third-party contributions?***

SIFMA members are not aware of any confusion regarding when time of trade disclosure obligations trigger and the appropriate recipient of the disclosures (the account owner), for gifts of municipal fund securities.

Consistent with a common-sense approach to disclosures regarding municipal fund securities, the MSRB should make it clear that disclosures of material information about municipal fund securities are only required for the ultimate investors in those securities. Time of trade disclosures should not be required to be made to third-party contributors, as these individuals are not the purchasers, investors, or ultimate owners of the municipal fund securities. These contributors are merely making gifts, in the form of investments in municipal fund securities, to the ultimate investors. Contributors do not need any information about the securities because they will never own the securities they are purchasing. In addition, contributors typically purchase gifts of municipal fund securities at the direction of the account owners. In addition, consistent with the comments above, third-party contributions do not change the investments in an account (i.e., the plan or fund) or an account's investment direction. Rather, such gifts serve to increase the existing investments in a plan or fund for the end investor or account owner. Therefore, transactions in municipal fund securities arising from third-party gifts does not alter the purpose of the disclosures, which is to deliver material information to the investor in the securities, who is the account owner, not the contributor.

- 4. At the time of rollover or transfer, is the account holder typically provided with verbal or written disclosures prior to initiating a rollover or a transfer request or at certain points throughout the process? Please identify those points and the nature of the disclosures. Typically, does the transferring firm or the firm receiving the incoming transfer or rollover provide the customer with the account's net asset value (NAV) and***

the price(s) of the underlying assets? Given that most assets underlying municipal fund securities are mutual funds for which the NAV and prices are calculated at the end of the day of a transaction, does the price calculation for the account's assets impact the timing of certain disclosures?

Currently, the firm that receives a customer's transfer or rollover of assets is responsible for providing the customer with the time of trade disclosures required by Rule G-47. A transferring firm (i.e., the firm that is transferring a customer account to a new firm) generally communicates with its customer ahead of a transfer or rollover, typically to explain the process and the potential benefits and drawbacks of making such changes. These communications could include comparisons of the current investment to the contemplated rollover/transfer investment. But the firm receiving an incoming transfer or rollover is responsible for providing the customer with plan disclosure documents in addition to the Rule G-47 (and Rule G-32) disclosures at the time of the transfer or rollover. Members report that typically all incoming rollovers are priced at the end-of-day unit price for the municipal fund security, and the disclosure documentation communicates that information. Therefore, the price calculation is not affected by the timing of any relevant disclosures. A new stand-alone MSRB rule regarding time of trade disclosures for municipal fund securities transactions should not alter the approach taken under the current rule.

5. If disclosures related to a rollover or transfer are written, are those disclosures contained within a stand-alone document, or rollover related documents such as new account forms, beneficiary change forms, incoming rollover documents, or distribution/transfer forms? Do those forms contain disclosures beyond the out-of-state disclosure obligations?

In general, there are not separate, stand-alone documents containing disclosures provided to customers at the time of a rollover or transfer. Customers commonly transfer or rollover from one plan to a separate plan. As discussed above in response to Question 4, at the time of the transfer or rollover, all required time of trade disclosures regarding the municipal fund securities in the new plan are made via the new account paperwork associated with moving a customer's investments into the new plan.

6. Are there any unique disclosure challenges triggered by the transfer or rollover of a 529 savings plan account that the MSRB should be aware of that are not covered above?

No, SIFMA is not aware of any such potential unique disclosure challenges.

7. As noted above, Supplementary Material .01(a) provides that the disclosure obligation includes a duty to give a customer a complete description of the security, including a description of the features that likely would be considered significant by a reasonable investor, and facts that are material to assessing the potential risks of the investment. In the context of the various types of municipal fund securities, what aspects of the

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security and its features, and of the facts material to assessing relevant potential risks, are reasonably considered to be included within this mandate?

As discussed throughout the Notice, municipal fund securities share many characteristics with mutual funds and these characteristics are distinct from typical municipal debt securities. Similar to mutual funds, issuers of municipal fund securities publish plan or program disclosure documents (in the case of 529 savings plans and ABLÉ programs) and information statements (in the case of LGIPs) that include descriptions of the material facts and potential risks of the municipal fund securities that make up the plan. Examples of the material facts and potential risks of municipal fund securities plans include the underlying investments that constitute the plan or particular fund within the plan, the allocation of the plan's assets among particular municipal fund securities, past performance of the plan, and relevant fees. All of this information is available in plan disclosure documentation delivered to investors at the time of account opening.

Separately, as contemplated by the "out-of-state disclosure obligation" contained in the 2006 Interpretive Guidance to Rule G-17, much of the information included in the obligation generally already is contained in plan disclosure documents delivered to municipal fund securities investors in compliance with Rule G-32. In addition, we believe any language regarding the implications of tax or other state-based benefits in a new stand-alone rule should clearly state that dealers are merely obligated to indicate where there may be tax implications, but they are not required to give tax advice with respect to municipal fund securities.

8. ***The MSRB seeks comment on whether to provide a non-exhaustive list of specific examples to describe information that may be material to a customer in the case of municipal fund securities, similar to the list of examples included in Supplementary Material .03 of Rule G-47 with respect to municipal debt securities. Based on prior guidance provided by the MSRB, the MSRB seeks comment on whether to include some or all of the following scenarios as potentially required time of trade disclosure information, if material, to customers investing in 529 savings plans or ABLÉ programs, as applicable: investment costs (i.e., including fees and other expenses), the out-of-state disclosures, a change in investment objectives triggered by a change of beneficiary, state tax benefit considerations, and tax consequences (i.e., gift tax and estate tax), treatment of qualified versus non-qualified withdrawal of funds, treatment of recontributions, disclosures related to incurring of an associated sales charge with respect to rollover to another account if the rollover of funds is not captured at NAV, maximum account balance, or K-12 related disclosures. Should this list of examples be modified, narrowed, or expanded? Please explain.***

SIFMA does not object to the MSRB including a non-exhaustive list of examples as Supplementary Material to a new stand-alone rule, consistent with the MSRB's approach in Supplementary Material in other rules. We agree that the list of examples the MSRB included in Question 8 are information and scenarios that, if material, dealers should disclose to investors in municipal fund securities at the time of trade. In addition, in a stand-alone rule or

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Supplementary Material, the MSRB could reference CSPN's Disclosure Principles Statement No. 8, which was updated on March 28, 2025. These principles contain detailed recommended best practices for customer disclosures by state issuers of 529 plans and have been periodically updated since their initial publication in 2004.¹⁴

9. *What would be an appropriate non-exhaustive list of specific examples to describe information that may be material to local governmental entities investing in LGIPs?*

As discussed above, LGIPs are established and governed by state statutes. These statutes typically create a board or committee that is responsible for administering the LGIP. In addition, the statutes generally require the board or committee to make certain disclosures about the plan's operations and performance at specific intervals, such as monthly, quarterly, or annual. Any non-exhaustive list of examples of relevant information for LGIPs should reference these disclosures.

10. *The MSRB envisions addressing processes and procedures that dealers would be required to implement to ensure that material information regarding municipal securities is disseminated to registered representatives who are engaged in sales to and purchases from a customer and principal review for time of trade disclosures, as currently is required under Supplementary Material .04 of Rule G-47. Either in adapting such language or in more broadly addressing supervisory and recordkeeping requirements, please describe how the MSRB can provide clarity to dealers meeting their supervisory and recordkeeping obligations related to a new time of trade rule without creating any undue burdens on the market. Please describe any specific market practices that impact real-time or post-principal review for time of trade disclosures.*

The MSRB should justify the need for adding Supplementary Material to certain rules to address any special supervisory processes or procedures for those rules prior to adopting requirements that are in addition to dealers' existing general supervisory obligations, processes, and procedures required under Rule G-27. Any such Supplemental Material also should not be prescriptive but allow for flexibility in implementation, recognizing that business practices and market conventions change over time. To the extent Supplementary Material is necessary with respect to time of trade disclosures for municipal fund securities, SIFMA members would support language similar to Supplementary Material .04 of Rule G-47 (although we note that dealers typically would not purchase municipal fund securities from a customer, so that reference should not be included in a new rule or Supplementary Material). To assist the MSRB in gaining a fuller understanding of market practices with respect to principal reviews of time of trade disclosures, we note that, in general, consistent with the requirements of MSRB Rule G-27, such

¹⁴ See The CSPN Disclosure Principles, available at <https://www.collegesavings.org/the-cspn-disclosure-principles>; see also CSPN Comment Letter, supra n. 8, at 11-12 (noting "widespread adherence to the Disclosure Principles by State issuers and regulated entities offering municipal fund securities through college savings plans").

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reviews typically are completed on a post-trade basis and not in real time.¹⁵ For example, broker-dealer principals may complete these reviews using exception reporting or similar supervisory tools on a regular basis (e.g., daily, weekly, or monthly).

11. Are there other elements under the 2006 Guidance on customer protection obligations relating to marketing of 529 savings plans that market participants think should be codified in proposing a new rule?

No.

¹⁵ We note that the MSRB's reference in the first sentence of Question 10 to "principal review for time of trade disclosures" as being a requirement of Supplementary Material .04 to MSRB Rule G-47 appears to be a sequencing issue in the sentence, as Supplementary Material .04 on its face does not require principal review of time of trade disclosures.