



VIA ELECTRONIC MAIL

March 30, 2012

Ronald W. Smith
Corporate Secretary
Municipal Securities Rulemaking Board
1900 Duke Street, Suite 600
Alexandria, VA 22314

RE: MSRB Notice 2012-10
MSRB Request for Comment on Electronic Dissemination of
529 College Savings Plan Disclosure Documents

Dear Mr. Smith:

In MSRB Notice 2012-10, the Municipal Securities Rulemaking Board (“MSRB”) requested public comment on the effectiveness of internet disclosures to investors in 529 college savings plans (“529 Plans”) and its concept proposal to implement an electronic system for dissemination of basic 529 Plan disclosure documents.

Commonwealth Financial Network (“Commonwealth”) is a broker/dealer and an SEC-registered investment adviser with home office locations in Waltham, Massachusetts, and San Diego, California. The firm has more than 1,600 registered representatives who conduct business in all 50 states.

Commonwealth strongly supports investor education and the need to disclose the material features and characteristics of 529 Plans, thus allowing investors to make informed investment decisions. Investors increasingly look to the internet for information regarding all categories of investments, including 529 Plans. The internet makes it possible to quickly and easily compare 529 Plan offerings of numerous 529 Plan sponsors with a few quick clicks of a mouse.

The MSRB’s requirements regarding the disclosure and delivery obligations under MSRB Rules G-17 and G-32 should apply equally to 529 Plans and other municipal securities. MSRB Rule G-32 already establishes a centralized electronic system for disseminating information regarding municipal securities via the MSRB’s Electronic Municipal Market Access (EMMA[®]) website. While 529 Plan customers may be less sophisticated than other municipal securities market participants, all investors require basic material information regarding the features and characteristics of prospective investments to make informed investment decisions. The securities industry as a whole increasingly provides investor education and disclosure materials via the internet. This trend has made material information about securities more accessible, searchable, and easier to compare with other investments.

Investors have come to expect access to information about investments, including 529 Plans, via 529 Plan sponsor websites and other financial internet sites. It is only logical to centralize information from 529 Plan issuers on EMMA and standardize the dissemination of

29 Sawyer Road
Waltham, MA 02453-3483
800.237.0081
781.736.0793 fax

110 West A Street, Suite 1800
San Diego, CA 92101-3706
877.347.1982
619.471.9701 fax

commonwealth.com

Member FINRA/SIPC

529 Plan information. The internet makes a wealth of information about the availability, features and characteristics, and tax implications of 529 Plans instantly available from any internet-connected computer. Investors are just as likely to read online versions of 529 Plan disclosure documents as they are to read hard copy versions. In addition, electronic delivery of 529 Plan disclosure documents reduces the printing and shipping costs to 529 Plan sponsors and advisors who sell 529 Plans, and cuts down on wasted paper, thus benefiting the environment. Electronic delivery of 529 Plan disclosure documents via the MSRB's EMMA website would also provide investors a centralized portal to easily access disclosure documents in the future, should they choose to do so.

According to the U.S. Census Bureau, more than 80 percent of U.S. households have access to the internet¹, and anecdotal evidence from Commonwealth's customers suggests that the majority are willing and able to access 529 Plan information via the internet.

Specific Requests for Comment

“What 529 plan disclosure documents are delivered by dealers to customers? How are such disclosure documents delivered by dealers to customers (e.g., hard copy, electronic delivery of PDFs)? When are such disclosure documents delivered by dealers to customers (e.g., at account opening, at or prior to the time of trade, or at settlement)?”

(Items 1–3)

Commonwealth requires its advisors to deliver the 529 Offering Circular or other plan disclosure document, the prospectus(es) for the 529 Plan's underlying investments, and an Out-of-State 529 Disclosure (if applicable). The disclosure documents are delivered both electronically and in hard copy at the time of solicitation or unsolicited application.

“Should investors in 529 plans receive plan disclosure documents in hard copy prior to making an investment decision?”

(Item 4)

No, there is no compelling reason to require advisors or 529 Plan sponsors to provide plan disclosure documents in hard copy. The MSRB should instead require advisors and 529 Plan sponsors to make plan disclosure documents available electronically via EMMA, and it should only require hard copy delivery of plan disclosure documents upon request by investors.

“Do investors in 529 plans have the requisite sophistication to access plan disclosure documents electronically? Do investors in 529 plans have the requisite sophistication to review plan disclosure documents online by reference to a URL? Have customers expressed a preference for receiving plan disclosure documents in hard copy or online?”

(Items 5–7)

¹ See *The 2012 Statistical Abstract*, “Information & Communications: Internet Publishing and Broadcasting and Internet Usage,” Table 1156, at <http://www.census.gov/compendia/statab/2012/tables/12s1157.pdf>.

Yes, the majority of 529 Plan investors have the requisite sophistication to access plan disclosure documents electronically by reference to a URL. Most customers prefer to receive disclosure documents electronically and have expressed concern over wasted paper and its impact on the environment. Furthermore, should an investor desire a hard copy of 529 Plan disclosure documents, advisors can provide the documents upon request.

“Is there a benefit to customers in receiving the hard copy of the Plan Disclosure Document by settlement of the transaction?”

(Item 8)

No, there is no appreciable benefit to investors if they receive a hard copy of plan disclosure documents at or prior to settlement of the transaction. Investors are no more likely to read or understand a hard copy version of disclosure documents than they are to understand an electronic version.

“Have customers described any benefits or drawbacks to receiving documents in hard copy? Have customers described any benefits or drawbacks to receiving documents electronically?”

(Items 9–10)

Customers who have expressed a preference regarding hard copy versus electronic disclosure prefer to receive their disclosure documents electronically. The obvious drawback of hard copy disclosures is wasted paper. Electronic delivery allows customers to easily access and save disclosure documents should they choose to do so.

“Although account owners who open their accounts online are likely to anticipate receiving electronic delivery of documents through that online process, would it be appropriate for account owners that open their accounts through an office visit or by phone to then be expected to receive electronic delivery of documents?”

(Item 11)

Yes, it is appropriate for account owners who open their accounts in person or over the phone to receive electronic delivery of documents, assuming that the account owners have provided their advisors with consent for electronic delivery of disclosure documents.

“Have clients who have established online accounts, whether through direct-sold or advisor-sold programs, expressed concern about delivery of plan disclosure documents electronically?”

(Item 12)

Not applicable; Commonwealth does not offer the ability to establish accounts online.

“Could any cost savings achieved through lower mailing or printing costs as a result of implementation of an electronic access program be passed on to customers?”

(Item 13)

There is no reason why cost savings realized by 529 Plan sponsors could not be passed on to customers by way of lower distribution costs or operating expenses by the 529 Plan sponsor or distributor. Not only would there be direct cost savings to 529 Plan sponsors through lower printing and shipping costs, but 529 Plan distributors and advisors who sell 529 Plans would be more efficient and productive.

“Have customers expressed confusion about the difference between complete Plan Disclosure Documents and plan disclosure supplements or amendments?”

(Item 14)

No, customers have not expressed confusion about the difference between complete plan disclosure documents and plan disclosure supplements or amendments.

“Is there a difference in sophistication between individuals who invest in 529 Plans and individuals who purchase traditional municipal securities such that an electronic access program would be inappropriate for 529 Plan customers?”

(Item 15)

While investors in traditional municipal securities may be more sophisticated investors with more investment experience than 529 Plan investors, 529 Plan account holders are no less technologically savvy than their traditional municipal securities investor counterparts. As discussed above, the vast majority of Americans have access to the internet, whether in their homes, at work, or at their local public library. It is entirely appropriate for advisors and 529 Plan distributors to provide investors with disclosure documents electronically.

The current industry trend toward providing disclosure documents for mutual funds, annuities, and other investment products electronically has created an expectation among investors that information regarding their investments be available online. The population investing in 529 Plans is increasingly technologically proficient. Therefore, providing 529 Plan disclosure documents electronically via EMMA would not disadvantage 529 Plan investors in any way. Commonwealth strongly supports the MSRB’s proposal to implement a centralized electronic system for the dissemination of 529 Plan disclosure documents.

If you have any questions regarding our comments, please contact us at 781.736.0700.

Sincerely,
Commonwealth Financial Network



By: Brendan Daly
Legal and Compliance Counsel