



Securities Industry Association

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September 22, 2006

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

*Re: Notice 2006-26, Request for comments on draft amendments
relating on Rule G-21*

Dear Mr. Lanza:

On behalf of the Securities Industry Association (“SIA”)¹, we are submitting the following comments in response to Notice 2006-26, proposed amendments to Rule G-21. The SIA’s primary interest in these amendments is the impact they will have on Qualified Tuition Plans (529 savings plan) and the broker-dealer intermediaries who market them. In summary, SIA supports the efforts of the MSRB to promote consistency among the rules established by other regulatory organizations with respect to similar products and facilitate the marketing of this important product particularly after recent legislation to make the federal tax treatment of 529 savings plans permanent law.

Recent Tax Law Changes

¹ The Securities Industry Association brings together the shared interests of more than 600 securities firms to accomplish common goals. SIA’s primary mission is to build and maintain public trust and confidence in the securities markets. SIA members (including investment banks, broker-dealers, and mutual fund companies) are active in all U.S. and foreign markets and in all phases of corporate and public finance. According to the Bureau of Labor Statistics, the U.S. securities industry employs nearly 800,000 individuals, and its personnel manage the accounts of nearly 93-million investors directly and indirectly through corporate, thrift, and pension plans. In 2005, the industry generated an estimated \$322.4 billion in domestic revenue and an estimated \$474 billion in global revenues. (More information about SIA is available at: www.sia.com.)

The passage of H.R.4, the Pension Protection Act of 2006, has removed the sunset provision for 529 plans and no reference to the potential impact of the sunset should be required in communications with customers or the public.

Regulation of Product Advertisements

The MSRB draft amendments provide that product advertisements may include a more generalized statement regarding potential tax implications of a 529 savings plan investment. SIA strongly supports the clarifications regarding tax-related disclosures in these types of advertisements. This clarification is particularly important to ensure that the public will hear about the importance of saving for education. Specific disclosures regarding tax treatment that may have applied to only a very small portion of the public detract from that message.

Generic Advertisements

SIA supports the creation of a definition for “generic advertisement” under Rule G-21. We are aware of the proposed clarification included in the comment letter submitted by the College Savings Plan Network and support the alternative language proposed under G-21(e)(i)(B)(1).²

Blind Advertisements

SIA supports the use of a category of “blind advertisement” that would not be subject to the additional disclosure requirements. However, we recommend that the language be clarified to permit the inclusion of contact information in the advertisement. This is consistent with the application of the parallel rule for advertising of mutual funds adopted by the Securities and Exchange Commission. The application of that rule permits the inclusion of contact information for a broker-dealer but limits the ability of the broker-dealer to accept orders to situations where an official statement will be provided. In addition, contact information through a website should also be permitted. Today, websites are utilized for the purchase of 529 savings plan investments once an investor acknowledges that the information contained in an official statement has been read.

In conclusion, SIA strongly supports the changes the MSRB has proposed. Please contact the undersigned if you have any questions relating to this submission.

Sincerely,

² The CSPN alternative language is as follows: (1) generic advertisements – any advertisement that does not refer by name to any ~~specific municipal fund security~~ or specific investment option or portfolio ~~of~~ offered by an issuer of municipal fund securities . . .

Michael Udoff
Vice President
Associate General Counsel
and Secretary

Elizabeth Varley
Vice President and Director,
Retirement Policy

cc: Jill Silver