

ICI VIEWPOINTS

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Ensuring Effective and Reasonable Data Collection on 529 Plans

By Tamara Salmon

The Municipal Securities Rulemaking Board (MSRB) [has proposed](#) a regulation that would increase the amount of information it collects on [529 educational savings plans](#). ICI supports the MSRB's goal of having the information it needs to carry out its oversight responsibilities. However, we have serious concerns about this particular proposal. The MSRB must strike a careful balance to ensure that it receives meaningful information without imposing unreasonable requirements on those complying with the rules. We've recently expressed this view, along with several recommendations for the proposal, in [a letter](#) to the MSRB.

The MSRB's proposed means of collecting plan information would be a new form, Form G-45. On a quarterly basis, 529 plan primary distributors—which are broker-dealers involved in offering and selling the plans to investors—would be required to submit the form electronically to the MSRB. The form asks for data on plan assets, performance, contributions, percentage of automatic contributions, and the structure of a plan's fees and expenses, among other topics.

One of our recommendations is that this reporting take place once every six months, rather than once every three months. Why? For one, not all the information requested on the form may be available to primary distributors on a quarterly basis. Moreover, semiannual reporting has proven an effective timeframe in the context of similar reporting requirements from the Securities and Exchange Commission.

We also recommend numerous revisions to the proposed form's contents to better align it with the manner in which primary distributors currently provide reports to their state partners (that sponsor the 529 plans) about the plan.

In light of our concerns and recommendations, we've urged the MSRB to consider publishing a revised version of its proposal for comment. Through such efforts, the MSRB can avoid imposing undue burdens on primary distributors while ensuring that the form will capture meaningful information about the 529 plan marketplace.

Tamara K. Salmon is senior associate counsel at ICI.
