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May 22, 2006

Ms. Nancy Morris, Secretary
U.S. Securities and Exchange Commission
Station Place
100 F Street, NE
Washington, DC 20549-1090

Re: MSRB Proposed Guidance;
File No. SR-MSRB-2006-03

Dear Ms. Morris:

The Investment Company Institute¹ supports the Municipal Securities Rulemaking Board's revised proposed Interpretive Guidance relating to customer protection obligations in connection with the sale of out-of-state 529 college savings plans.² The proposal would require dealer to disclose specified information to the customer at or prior to the time of the trade and remind dealers that providing the required disclosures does not relieve them from their duties under the MSRB's suitability rule (Rule G-19) when recommending 529 securities.

The Institute has consistently supported efforts to provide potential purchasers of 529 plans with ample information to make informed investment decisions.³ We had serious concerns, however, about the potential unintended consequences of the MSRB's earlier version of its Interpretive

¹ The Investment Company Institute is the national association of the U.S. investment company industry. More information about the Institute is available at the end of this letter.

² See *Self-Regulatory Organizations; Municipal Securities Rulemaking Board; Notice of Filing of Proposed Rule Change Consisting of Interpretive Guidance on Customer Protection Obligations of Brokers, Dealers and Municipal Securities Dealers Relating to the Marketing of 529 College Savings Plans*, SEC Release No. 34-53715, 71 Fed. Reg. 25867 (May 2, 2006).

³ See, e.g., Letter from Craig S. Tyle, General Counsel, Investment Company Institute, to Diane G. Klinke, Esquire, General Counsel, MSRB, dated April 1, 2002 (recommending that all 529 plan investors receive concise and understandable written disclosure alerting them to the fact that the investor's home state may only offer favorable tax treatment for investing in a plan offered by such state).

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Guidance. Indeed, the support we express today is in stark contrast to the comments expressed in the letter we filed with the MSRB on its earlier proposal.⁴ We support the current version of the Interpretive Guidance because we believe it will enhance investor protection by better alerting investors to benefits offered by their home state's plan that may not be available in connection with the purchase of an out-of-state plan. It will also remind investors that they may want to consider other relevant information or consult other financial professionals prior to making an investment decision. Importantly, this enhanced protection will not result in any of the disadvantages to investors or to the market for 529 plan securities that we discussed in our previous comment letter.

The Institute commends the MSRB for its efforts to work with the states and the industry to consider alternatives to its previous proposal that advance the interests of investors without being unduly onerous or burdensome to state issuers of 529 plans or to industry participants involved in making this product available to investors.

If you have any questions about the Institute's comments, please contact the undersigned at (202)326-5825.

Sincerely,

/s/

Tamara K. Salmon
Senior Associate Counsel

cc: Ernesto A. Lanza, Senior Associate General Counsel
Jill A. Finder, Associate General Counsel
Municipal Securities Rulemaking Board

About the Investment Company Institute

The Investment Company Institute's membership includes 8,656 open-end investment companies (mutual funds), 657 closed-end investment companies, 167 exchange-traded funds, and 5 sponsors of unit investment trusts. Mutual fund members of the ICI have total assets of approximately \$9.251 trillion (representing 98 percent of all assets of US mutual funds); these funds serve approximately 89.5 million shareholders in more than 52.6 million households.

⁴ See Letter from Tamara K. Salmon, Senior Associate Counsel, Investment Company Institute, to Ernesto A. Lanza, Senior Associate General Counsel, MSRB, dated July 29, 2005.