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

Subject: MSRB NOTICE 2012-10

Dear Mr. Smith:

Broadridge Financial Solutions, Inc. appreciates the opportunity to comment on the Municipal Securities Rulemaking Board's (MSRB) proposed rules for electronic dissemination of 529 college savings plan disclosure documents. By virtue of the services it provides, Broadridge has a large body of statistical and behavioral data on such matters as the extent to which a *method of delivery* can impact an investor's access to disclosure information.¹ In the comments which follow, examples of this data are provided to assist the MSRB in realizing goals of improved access to 529 Plan disclosure information and high levels of process efficiency.

A central element of the proposal involves dissemination of 529 Plan documents through an "access equals delivery" approach, and upon request for hard copies. Although this approach would appear to benefit investors, a substantial body of statistical information and behavioral research indicates that, as a practical matter, adopting an "access equals delivery" model would likely reduce the number of investors that access this important information. This is because the proposal changes the underlying "default" method by which such documents are provided to investors, and would require investors to take steps to obtain information they otherwise receive automatically today.

The proposal requests comment on whether 529 Plan investors would be better off if plan documents were provided, instead, by an approach similar to the SEC's mutual fund "summary" prospectus delivery option.² Under that approach, a mutual fund may satisfy its prospectus delivery obligations by delivering a physical copy of a 3-4 page summary prospectus which

¹ Broadridge (NYSE symbol: BR) provides technologies and processing services to assist issuers and financial intermediaries in fulfilling their obligations to provide investors with disclosure information -- including by distributing information contained in proxy statements, mutual fund prospectuses, and college savings programs.

² Refer to SEC File Number S7-28-07, "Enhanced Disclosure and New Prospectus Delivery Option for Registered Open-End Management Investment Companies"

contains key information, while simultaneously providing investors with access to the more detailed statutory prospectus posted on an Internet website. As a result of this structure, the vast majority of mutual fund investors receive the key information about a mutual fund when they receive a summary prospectus. They do not have to take steps to request this key information.

A salient feature of the SEC's summary prospectus delivery option is that it preserves a default by which investors are given the information they need. Further, it does not modify investor preferences with respect to how the information is provided (i.e., by mail or, upon consent, by email). That is, investors who had typically received a *statutory* prospectus by mail instead receive a summary prospectus by mail; and investors who had typically received a *statutory* prospectus by *email* instead receive a summary prospectus by *email*. Further, investors retain the ability to obtain the complete statutory prospectus if they so desire. As a result, the summary prospectus delivery method is superior to the MSRB proposal because it ensures investors receive the key information they most want and need.

Demographic research indicates that investors in mutual funds share many of the same characteristics of investors in 529 Plans including, e.g., the average amount of household investible assets, education levels, and other factors. It follows, therefore, that if 529 Plan information were provided by methods similar to those used for mutual fund investments, 529 Plan investors would be afforded no less opportunity for transparency, protection, and education.³

The MSRB's proposal to change the underlying delivery default would likely reduce the number of investors that actually accesses 529 Plan disclosures. Numerous studies of the impact of changes in defaults have been conducted in the field of behavioral economics, and these studies demonstrate conclusively that when individuals are confronted with a change in a default they typically take no action; that is, they neither opt-in nor opt-out. Further, experience shows that the introduction of seemingly small steps in a process can effectively block action even when taking such steps would clearly be in a person's economic interest.⁴

In light of these studies and experiences, Broadridge believes that investors in 529 Plans would have greater access to information if that information continued to be delivered physically (even in a summary format). Where an investor has affirmatively consented to e-delivery, he or she would be afforded greater access if 529 Plan disclosures continued to be 'e-delivered.' By requiring that investors take additional steps to obtain this information, such as by visiting a website, the proposal will unintentionally impede an investor's access to 529 Plan information.

Mechanisms contained in the MSRB proposal provide notification to investors of the location of a website to obtain information, and instructions for obtaining hard copies. Yet, experience with

³ Investment Company Institute's "2011 Investment Fact Book" indicates that 58% of U.S. households saving for college through 529 plans, Coverdell ESAs, or mutual funds had average incomes of less than \$100,000. In addition, 49% of the heads of these households had not completed a college education.

⁴ Refer to "Channel Factors that Block (Psychologically) Effective Access," Daylian Cain and Sendhil Mullainathan, Harvard University; and to "Defaults and Deciding to Use Information," Eric Jonhson, Columbia University; both studies found in ADP letter to Nancy Morris, February 13, 2006, SEC File Number S7-10-05. Refer to research by Amos Tversky and Daniel Kahneman, including "Thinking Fast and Slow," Kahneman, 2011.

investors' information access behavior with other types of regulated financial disclosures indicates that these mechanisms are not sufficient to prevent declines in information access that would be caused by a change in the default.

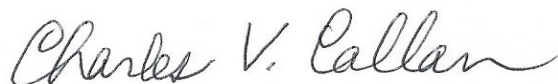
For example, in calendar year 2011, approximately 57 million mutual fund summary prospectuses were delivered to investors by mail or email.⁵ These summary prospectuses notify investors of the availability of a statutory prospectus (which is incorporated, by reference, to its location) on a publicly-accessible website. Based on Broadridge's internal estimates, less than 4% of the 57 million recipients of a summary prospectus "clicked through" to access the detailed information provided on a website. Moreover, Broadridge's internal estimates indicate that less than *one-tenth of one percent* of these fund investors made request for a hard copy of a statutory prospectus.

This behavioral phenomenon is not limited to fund prospectuses. Broadridge previously provided 'click-through' statistics in connection with SEC rules for the Internet availability of proxy materials. Under the SEC's "Notice & Access" delivery option, an investor is mailed or emailed notification of where and how to obtain proxy materials (i.e., by website or by making request for hard copies). While there are obvious differences in proxy and 529 Plan disclosures, there are important similarities in access mechanisms. In one sample of over 21 million recipients of a mailed Notice, less than *one-half of one percent* visited the website to view the materials.⁶

With respect to individual investors, the evidence is clear: Notification does not equal access, and access does not equal delivery. The MSRB's proposal would unintentionally reduce access to 529 Plan information for most investors.

Broadridge appreciates the opportunity to submit comments. If the MSRB would find it useful we would be happy to provide additional information.

Thank you,



⁵ This figure is based on Broadridge processing statistics for the year.

⁶ "Eyeballs" analysis based on Broadridge analysis of 433 Notice & Access beneficial jobs with meeting dates from July 1, 2008 to April 30, 2009, Notices were mailed to a total of 21,214,700 beneficial investors and only 90,776, or 0.43%, visited the specified URL and selected the "Read Materials" option.