

MEMO# 29140

July 2, 2015

ICI Submits Comment Letter on FINRA's Proposed Amendments to Communications with the Public Rules

[29140]

July 2, 2015

TO: ADVERTISING COMPLIANCE ADVISORY COMMITTEE No. 5-15
CLOSED-END INVESTMENT COMPANY MEMBERS No. 23-15
CHIEF COMPLIANCE OFFICER COMMITTEE No. 12-15
COMPLIANCE MEMBERS No. 22-15
INTERNAL SALES MANAGERS ROUNDTABLE No. 6-15
SALES AND MARKETING COMMITTEE No. 5-15
SEC RULES MEMBERS No. 45-15
SMALL FUNDS MEMBERS No. 31-15 RE: ICI SUBMITS COMMENT LETTER ON FINRA'S
PROPOSED AMENDMENTS TO COMMUNICATIONS WITH THE PUBLIC RULES

As previously reported, [\[1\]](#) in May FINRA proposed amendments to FINRA Rules 2210, 2213, and 2214 (the "Proposal"). [\[2\]](#) In our comment letter (attached below), we support the Proposal. If adopted, it should reduce burdens on FINRA member firms related to the filing of registered investment company advertisements and sales literature, without an attendant reduction in investor protection. In addition, we recommend that the Proposal be enhanced further to:

- Clarify that a firm may rely on the proposed FINRA filing exclusion for shareholder reports if the firm files them in compliance with applicable SEC requirements. [\[3\]](#)
- Further expand the proposed filing exclusion for retail communications based on templates previously filed with FINRA (the "templates exclusion") to also include updates to: (i) narrative information that is based on disclosure contained in certain SEC filings (e.g., fund prospectuses); (ii) narrative factual information provided by a "ranking entity;" and (iii) market- and investment-related commentary.
- For closed-end funds, codify a set of clear disclosure standards tailored to their retail communications and eliminate the current filing requirement.

We will keep you informed of further developments related to the Proposal.

Matthew Thornton
Counsel

[Attachment](#)

endnotes

[1] See Institute Memorandum No. [29024](#), dated May 27, 2015, for a summary of the Proposal.

[2] FINRA Regulatory Notice 15-16, FINRA Requests Comment on Proposed Amendments to Rules Governing Communications With the Public (May 2015), available at www.finra.org/sites/default/files/notice_doc_file_ref/Regulatory_Notice_15-16.pdf. As noted in the Proposal, before becoming effective a proposed rule change must be authorized for filing with the SEC by the FINRA Board of Governors, and then must be filed with the SEC pursuant to Section 19(b) of the Securities Exchange Act of 1934. After a proposed rule change is filed with the SEC, it generally is published for public comment in the Federal Register.

[3] There is some timing-related ambiguity in the Proposal, because it would exclude from FINRA filing requirements annual and semi-annual reports “that have been filed with the SEC... .” But under Investment Company Act Rule 30b2-1, funds must file their shareholder reports with the SEC “not later than 10 days after the transmission to stockholders... .” (emphasis added)

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