

MEMO# 22120

January 14, 2008

ICI Draft Comment Letter On FINRA Proposal To Modify Principal Approval Requirement For Certain Sales Material; Your Views Requested By January 17th

[22120]

January 14, 2008

TO: SEC RULES COMMITTEE No. 3-08
SMALL FUNDS COMMITTEE No. 2-08
ADVERTISING COMPLIANCE ADVISORY COMMITTEE No. 2-08
VARIABLE INSURANCE PRODUCTS ADVISORY COMMITTEE No. 2-08 RE: ICI DRAFT
COMMENT LETTER ON FINRA PROPOSAL TO MODIFY PRINCIPAL APPROVAL REQUIREMENT
FOR CERTAIN SALES MATERIAL; YOUR VIEWS REQUESTED BY JANUARY 17TH

The Institute has prepared the attached draft comment letter on a proposed amendment to NASD Rule 2210 to create an exception from the principal approval requirement for certain filed sales material. [\[1\]](#) The draft letter is summarized below.

Comments on the proposal must be filed with the SEC by Friday, January 18th. Please provide your comments on the draft letter as soon as possible but no later than January 17th to Dorothy Donohue by phone at (202) 218-3563 or email (ddonohue@ici.org).

The draft letter supports the proposed rule change. It commends FINRA for taking the initiative to examine the costs and benefits of Rule 2210's principal approval requirement and determining to modify it in a way that should alleviate burdens on some intermediary firms without compromising investor protection. The letter also points out that if the proposal is adopted, intermediary firms will be able to use investment company sales

material absent the delay and costs associated with a secondary layer of principal review. Investment company sales material will continue to be subject to plenary oversight given that it would remain subject to review and approval by a registered principal at an investment company's underwriter and review by FINRA. Therefore, while investment companies will not experience cost savings as a result of the proposal, the draft letter expresses support for the proposed exception from principal review because it is a less burdensome alternative to the current requirement that should not compromise investor protection.

Dorothy M. Donohue
Senior Associate Counsel

[Attachment](#)

endnotes

[\[1\]](#) See Memorandum to SEC Rules Committee No. 1-08, Small Funds Committee No. 1-08, Advertising Compliance Advisory Committee No. 1-08, Variable Insurance Products Advisory Committee No. 1-08 [22087], dated January 2, 2008.

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