

MEMO# 22138

January 22, 2008

ICI Comment Letter On FINRA Proposal To Modify Principal Approval Requirement For Certain Sales Material

[22138]

January 22, 2008

TO: SEC RULES MEMBERS No. 5-08
SMALL FUNDS MEMBERS No. 4-08
ADVERTISING COMPLIANCE ADVISORY COMMITTEE No. 3-08
VARIABLE INSURANCE PRODUCTS ADVISORY COMMITTEE No. 4-08 RE: ICI COMMENT
LETTER ON FINRA PROPOSAL TO MODIFY PRINCIPAL APPROVAL REQUIREMENT FOR CERTAIN
SALES MATERIAL

The Institute has prepared the attached 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 letter is summarized below.

The 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 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 themselves will not experience cost savings as a result of the proposal, the letter expresses support for the proposed exception from principal review because it is a less burdensome alternative for intermediary firms and, importantly, one that should not compromise investor protection.

Dorothy M. Donohue
Senior Associate Counsel

[Attachment](#)

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[\[1\]](#) See Memorandum to SEC Rules Members No. 1-08, Small Funds Members No. 1-08, [22088], Advertising Compliance Advisory Committee No. 1-08, Variable Insurance Products Advisory Committee No. 1-08 [22087], dated January 2, 2008.

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