

**MEMO# 20302**

August 18, 2006

## **MSRB Propose Amendments to Advertising Rule; August 23rd Conference Call**

©2006 Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice. [20302] August 18, 2006 TO: 529 PLAN ADVISORY COMMITTEE No. 15-06 529 PLAN MEMBERS No. 16-06 RE: MSRB PROPOSE AMENDMENTS TO ADVERTISING RULE; AUGUST 23RD CONFERENCE CALL The Municipal Securities Rulemaking Board recently issued for comment proposed amendments to its advertising rule, Rule G-21.\* Comments on the proposal are due to the MSRB by September 22, 2006. The proposed amendments would make several changes to Rule G-21 to harmonize it with the advertising rules of the Securities and Exchange Commission and National Association of Securities Dealers. The proposed amendments are summarized below. The Institute will hold a conference call to discuss the proposed amendments on Wednesday, August 23rd at 2:00 EST. The dial-in number for the call is 1-800-619-2383 and the passcode is 30572. If you cannot participate in the call, please provide your comments on the proposal to Dorothy Donohue by phone (202-218-3563) or email (ddonohue@ici.org) prior to the call. The proposed amendments would:

- Modify the definition of “advertisement” to more closely align it with the SEC’s and NASD’s definitions of advertisements and sales literature;
- Adopt a definition of “form letter” consistent with Rule 24b-1 under the Investment Company Act of 1940;
- More clearly define “professional advertisement” and “product advertisement;”
- Adopt provisions for generic advertisements that are substantially similar to those in Securities Act Rule 135a for generic mutual fund advertisements;

\* Request for Comments on Draft Amendments Relating to Rule G-21 on Advertising, MSRB Notice 2006-26 (August 11, 2006). The notice may be found on the MSRB’s website at <http://www.msrb.org/msrb1/whatsnew/2006-26.asp>.

- 2 • Adopt provisions requiring advertisements and correspondence containing performance data to include disclosure of fees and expenses substantially similar to recently approved amendments to NASD Rule 2210(d)(3); and
- Modify the tax disclosure required in advertisements of municipal fund securities. In addition, the amendments would clarify that the disclosure requirements for certain broadcast advertisements relating to municipal fund securities are not legends that must be used verbatim. The notice states that this clarification should help dealers produce time-limited broadcasts in a manner that appropriately balances the intended message with the required disclosures. Dorothy M. Donohue Associate Counsel

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