

**MEMO# 9042**

July 7, 1997

## **INSTITUTE PREPARES DRAFT COMMENT LETTER ON NASDR CORRESPONDENCE RULE PROPOSAL**

\* See Memorandum to Advertising Subcommittee No. 22-97 and SEC Rules Committee No. 63-97, dated June 20, 1997. July 7, 1997 TO: ADVERTISING SUBCOMMITTEE No. 25-97 SEC RULES COMMITTEE No. 65-97 RE: INSTITUTE PREPARES DRAFT COMMENT LETTER ON NASDR CORRESPONDENCE RULE PROPOSAL

\_\_\_\_\_ As we previously reported, NASD Regulation, Inc. has requested comment on proposed amendments to NASD Conduct Rule 2210 that would require written and electronic communications prepared for a single customer to meet certain of Rule 2210s content requirements.\* Attached and summarized below is the Institutes draft comment letter on the proposal. The letter states the Institutes belief that the proposed amendments are unnecessary and inappropriate and therefore should not be adopted. This position is based upon our belief that: (1) existing NASD Conduct Rules governing member correspondence with individual customers are more than sufficient to curb any perceived wrongful conduct; (2) imposing the requirements of Rule 2210 on correspondence would be highly inappropriate in many contexts; and (3) the implementation of the proposed amendments would add another extremely costly and burdensome layer of regulation applicable to NASD members without any corresponding benefit to consumers. Comments must be filed by Tuesday, July 15, 1997. Please provide your comments to me at (202) 326-5819 by Friday, July 11th. Joseph P. Savage Assistant Counsel Attachment

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