

MEMO# 16519

September 10, 2003

ICI COMMENT LETTER ON SEC EXTENSION OF NASD PILOT PROGRAM FOR BOND MUTUAL FUND VOLATILITY RATINGS

[16519] September 10, 2003 TO: ADVERTISING COMPLIANCE ADVISORY COMMITTEE No. 12-03 SEC RULES COMMITTEE No. 73-03 UNIT INVESTMENT TRUST COMMITTEE No. 15-03 RE: ICI COMMENT LETTER ON SEC EXTENSION OF NASD PILOT PROGRAM FOR BOND MUTUAL FUND VOLATILITY RATINGS As we previously informed you, on August 7, 2003, the NASD again filed with the SEC a two-year extension of the expiration date of its pilot program that permits NASD members to include bond fund volatility ratings in their supplemental sales literature.* As a result of this extension, which was effective upon filing, the new expiration date for the pilot program is August 31, 2005. Attached is a copy of the comment letter the Institute filed with the SEC on the recent extension of the pilot program. This letter is identical to the draft version that was previously circulated to you for comment. As with the previous comment letters the Institute has filed with the Commission and the NASD on this issue, the Institute's current letter opposes the NASD extending the pilot program and instead recommends that the NASD prohibit the use of bond mutual fund volatility ratings in supplemental sales literature. Tamara K. Salmon Senior Associate Counsel Attachment (in .pdf format) * See Memorandum to Advertising Compliance Advisory Committee No. 11-03, SEC Rules Committee No. 70-03, and Unit Investment Trust Committee No. 14-03 [No. 16489], dated September 3, 2003.

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