

MEMO# 10097

July 6, 1998

INSTITUTE COMMENT LETTER ON PROPOSED RESEARCH REPORTS FILING EXEMPTION

* See Memorandum to Advertising Compliance Subcommittee No. 27-98 and SEC Rules Committee No. 59-98, dated June 18, 1998. [10097] July 6, 1998 TO: ADVERTISING COMPLIANCE SUBCOMMITTEE No. 32-98 SEC RULES COMMITTEE No. 69-98 RE: INSTITUTE COMMENT LETTER ON PROPOSED RESEARCH REPORTS FILING EXEMPTION

The Institute recently filed with the SEC the attached comment letter on a proposal to amend NASD Conduct Rule 2210 to exclude independently prepared investment company research reports that are used as sales material from the filing requirements of Rule 2210.* The letter generally supports the proposal, but it recommends a number of changes. First, the letter recommends that the rule include a specific definition of the term "research report." Second, it suggests that the rule clarify that a fund or member may pay fees to research firms for distributing research reports or for performing other research services. Third, it recommends that the rule require members to include current performance information if the report contains fund returns that are not current as of the most recent calendar quarter end. Fourth, it recommends that the rule clarify that research reports may include performance ranking information. Finally, it recommends that the rule permit alterations to reports to make them consistent with applicable regulatory standards. Joseph P. Savage
Assistant Counsel Attachment

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