

**MEMO# 8496**

December 24, 1996

# **INSTITUTE COMMENT LETTER ON NASD PROPOSAL ON INVESTMENT COMPANY RANKINGS**

\* See Memorandum to Advertising Subcommittee No. 32-96 and SEC Rules Members No. 75-96, dated Dec. 9, 1996. December 24, 1996 TO: ADVERTISING SUBCOMMITTEE No. 36-96 SEC RULES COMMITTEE No. 136-96 RE: INSTITUTE COMMENT LETTER ON NASD PROPOSAL ON INVESTMENT COMPANY RANKINGS

As we previously informed you, the Securities and Exchange Commission recently published a rule proposal by the National Association of Securities Dealers, Inc. that revises the ranking guidelines for use in investment company advertisements.\* The proposal would allow NASD members to use rankings (other than those for money market funds) that represent short, medium and long term performance of a mutual fund, provided that rankings for one, five and ten year time periods for the fund are unavailable, and to use rankings based on a funds yield based on a period of less than one year. The Institute today submitted the attached comment letter to the SEC, which strongly supports the proposal and makes two minor comments with respect to the language of SECs release. Alexander C. Gavis Assistant Counsel Attachment

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