

**MEMO# 10319**

September 24, 1998

## **INSTITUTE COMMENT LETTER ON NASD PROPOSAL REGARDING INCOMING WRITTEN CORRESPONDENCE**

1 See Memorandum to Advertising Compliance Subcommittee No. 36-98 and SEC Rules Committee No. 86-98, dated September 3, 1998. 2 See Memorandum to Advertising Compliance Subcommittee No. 38-98 and SEC Rules Committee No. 91-98, dated September 14, 1998 [10319] September 24, 1998 TO: ADVERTISING COMPLIANCE SUBCOMMITTEE No. 39-98 SEC RULES COMMITTEE No. 94-98 RE: INSTITUTE COMMENT LETTER ON NASD PROPOSAL REGARDING INCOMING WRITTEN CORRESPONDENCE

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The Institute recently filed with the Securities and Exchange Commission the attached comment letter on the proposed amendments to National Association of Securities Dealers, Inc. Rule 3010 to require NASD members to review incoming non-electronic correspondence directed to a registered representative.<sup>1</sup> The letter is generally the same as the draft letter circulated on September 14, 1998.<sup>2</sup> The letter argues that this provision is unnecessary to protect investors given that members already must adopt detailed, comprehensive procedures regarding review and supervision of correspondence. The letter further comments that, if the SEC is nonetheless inclined to approve the proposal in some form, two changes should be made. First, the rule should not require members to review all incoming written correspondence, even if their business structure permits such review. Rather, all members should be allowed flexibility to develop procedures to properly identify customer complaints and funds that best suit their business structures. Second, the rule should specify that members that normally do not receive written correspondence directed to registered representatives, such as mutual fund underwriters, are not required to develop procedures to review such correspondence. Joseph P. Savage Assistant Counsel Attachment

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