

MEMO# 18881

May 20, 2005

DRAFT ICI COMMENT LETTER ON NASD PROPOSAL TO REQUIRE PRINCIPAL PRE-USE APPROVAL OF RETAIL CORRESPONDENCE; YOUR COMMENTS REQUESTED BY MAY 25TH

©2005 Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice. [18881] May 20, 2005 TO: ADVERTISING COMPLIANCE ADVISORY COMMITTEE No. 5-05 SEC RULES COMMITTEE No. 36-05 SMALL FUNDS COMMITTEE No. 19-05 UNIT INVESTMENT TRUST COMMITTEE No. 7-05 RE: DRAFT ICI COMMENT LETTER ON NASD PROPOSAL TO REQUIRE PRINCIPAL PRE-USE APPROVAL OF RETAIL CORRESPONDENCE; YOUR COMMENTS REQUESTED BY MAY 25TH The Institute has prepared the attached draft comment letter on NASD's Notice to Members 05-27. The Notice seeks comment on requiring principal approval of correspondence sent to 25 or more existing retail customers within a 30-day calendar period.* The draft letter is summarized below. Comments on the proposal must be filed with NASD by Friday, May 27th. Please provide your comments on the draft letter by Wednesday, May 25th to Dorothy Donohue by phone (202.218-3563) or email (ddonohue@ici.org). The draft letter supports the proposed change. It points out that as a matter of business practice, Institute members typically require principal approval of correspondence sent to multiple customers. Principal approval helps to assure that customer correspondence is fair and balanced and otherwise complies with NASD and Securities and Exchange Commission requirements. The draft letter commends NASD for taking a measured approach that furthers the interests of investors without placing undue regulatory burdens on funds. Dorothy M. Donohue Associate Counsel Attachment (in .pdf format) * See Memorandum to Advertising Compliance Advisory Committee No. 2-05, SEC Rules Committee No. 29-05, Small Funds Committee No. 14-05, and Unit Investment Trust Committee No. 5-05 [18781], dated April 15, 2005.