

MEMO# 10035

June 18, 1998

PROPOSAL TO EXCLUDE INDEPENDENTLY PREPARED RESEARCH REPORTS FROM NASD ADVERTISING FILING REQUIREMENTS

* Securities and Exchange Commission Release No. 34-40074 (June 4, 1998), 63 Fed. Reg. 32690 (June 15, 1998). [10035] June 18, 1998 TO: ADVERTISING COMPLIANCE SUBCOMMITTEE No. 27-98 SEC RULES COMMITTEE No. 59-98 RE: PROPOSAL TO EXCLUDE INDEPENDENTLY PREPARED RESEARCH REPORTS FROM NASD ADVERTISING FILING REQUIREMENTS

The SEC recently published for comment 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.* A copy of the proposal is attached. Under the proposal, a research report concerning a registered investment company would be excluded from Rule 2210's filing requirements provided: (i) it is prepared by a research firm that is independent of the fund, its affiliates and the member using the report; (ii) in preparing the report, the research firm's services are not procured by the fund, its affiliates or the member using the report; (iii) the research firm prepares similar reports with respect to a substantial number of funds; (iv) the report is distributed and updated with reasonable regularity; and (v) the report has not been materially altered by the member using the report. Research reports that were not filed would still be subject to the Rule 2210's content requirements and spot-check procedures. Comments are due to the SEC no later than Monday, July 6, 1998. If you have comments that you would like to be included in the Institute's comment letter, please contact me (telephone: 202/326-5819; fax: 202/326-5827 or e-mail: savage@ici.org) no later than Thursday, June 25, 1998).
Joseph P. Savage Assistant Counsel Attachment

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