

MEMO# 19805

March 7, 2006

Draft Comment Letter on NASD Proposal to Require Principal Pre-use Approval of Retail Correspondence; Your Comments Requested by March 14th.

©2006 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. [19805] March 7, 2006 TO: SEC RULES COMMITTEE No. 14-06 SMALL FUNDS COMMITTEE No. 9-06 ADVERTISING COMPLIANCE ADVISORY COMMITTEE No. 3-06 UNIT INVESTMENT TRUST COMMITTEE No. 4-06 RE: Draft Comment Letter on NASD Proposal to Require Principal Pre-use Approval of Retail Correspondence; Your Comments Requested by March 14th. The Institute has prepared the attached draft comment letter on the NASD's proposal to require principal pre-use approval of correspondence sent to 25 or more existing retail customers within a 30 calendar-day period. The draft letter is summarized below. Comments on the proposal must be filed with the SEC by Tuesday, March 21st. Please provide your comments on the draft letter no later than Tuesday, March 14th 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 the NASD for taking a considered approach that furthers the interests of investors without placing unnecessary burdens on funds. Dorothy M. Donohue Associate Counsel Attachment (in .pdf format)

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