

MEMO# 9061

July 14, 1997

INSTITUTE COMMENT LETTER ON NASDR CORRESPONDENCE RULE PROPOSAL

* See Memorandum to Advertising Subcommittee No. 22-97 and SEC Rules Committee No. 63-97, dated June 20, 1997. July 14, 1997 TO: ADVERTISING SUBCOMMITTEE No. 27-97 SEC RULES COMMITTEE No. 68-97 RE: INSTITUTE COMMENT LETTER ON NASDR CORRESPONDENCE RULE PROPOSAL

The Institute recently submitted the attached comment letter to NASD Regulation, Inc. regarding proposed amendments to NASD Conduct Rule 2210 that would require written and electronic communications prepared for a single customer to meet certain of Rule 2210s content requirements.* The Institutes comment letter opposes the proposal on the ground that it is unnecessary and inappropriate and therefore should not be adopted. This position is based upon our belief that: (1) existing NASD Conduct Rules governing member correspondence with individual customers are more than sufficient to curb any perceived wrongful conduct; (2) imposing the requirements of Rule 2210 on correspondence would be highly inappropriate in many contexts; and (3) the implementation of the proposed amendments would add another extremely costly and burdensome layer of regulation applicable to NASD members without any corresponding benefit to consumers. Joseph P. Savage Assistant Counsel Attachment (in .pdf format)

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