

MEMO# 3505

February 10, 1992

NASD RESPONSE TO INSTITUTE LETTER ON RULE 482 LIABILITY

February 10, 1992 TO: SUBCOMMITTEE ON ADVERTISING NO. 3-92 1990s AD HOC
COMMITTEE RE: NASD RESPONSE TO INSTITUTE LETTER ON RULE 482 LIABILITY

As we previously informed you, the Institute recently submitted a letter to the NASD in response to their request for the Institute's views on liability for Rule 482 advertisements. (See Memorandum to Subcommittee on Advertising No. 1-92 and 1990s Ad Hoc Committee, dated January 7, 1992.) The request was made in response to an earlier Institute submission to the NASD, requesting that they support changes to the federal securities laws that would eliminate the "substance of which" requirement for such advertisements. In its letter, the Institute stated that it did not believe it was necessary to remove Rule 482 ads from the scope of prospectus liability in connection with changes that would remove the "substance of which" requirement. Attached is a copy of the NASD's acknowledgement of the Institute's letter. The letter indicates that, in light of the Institute's position on liability, the Investment Companies Committee of the NASD endorses the Institute's proposal. We will keep you advised of developments. Craig S. Tyle Deputy General Counsel Attachment

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